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SIGNIFICANT ITEMS RULES

33-6409 p.796 Amendment of Rules Concerning the staff's authority to grant Access to Investigative files to court appointed persons, and SIPC..

RULES

The following releases relate to self-regulatory organization rule proposals and/or adoptions:

34-18808

34-18813

17 CFR Parts 200, 202, and 203

[Release Nos. 33-6409, 34-18810, 35-22536, 39-733, IC-12490, and IA-810]

Amendment of Rules Concerning Access to Files

AGENCY: Securities and Exchange Commisison.

ACTION: Final rule.

SUMMARY: The Securities and Exchange Commission is amending its rules concerning access to investigative files to codify the staff's authority to grant requests for access to such files by receivers, special counsels, and other similar persons appointed by the court in enforcement proceedings brought by the Commission, and by the Securities Investor Protection Corporation ("SIPC"), trustees appointed in proceedings brought by SIPC for the protection of customers of broker-dealers, and counsel for SIPC trustees.

EFFECTIVE DATE: Immediately upon publication in the Federal Register.

FOR FURTHER INFORMATION CONTACT: Alan Rosenblat, Assistant General Counsel, Office of the General Counsel, Securities and Exchange Commission, 500 North Capitol Street, Washington, D. C. 20549 ((202) 272-2428).

SUPPLEMENTARY INFORMATION:

The Commission frequently receives requests, from domestic and foreign governmental authorities

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and self-regulatory organizations, for access to investigative files. The Director of the Division of Enforcement has authority to grant such access. But in matters in which the Commission has entered a formal order of investigation, the concurrence of the General Counsel is also required. In addition, senior officials in the Division of Enforcement and the Regional Offices are authorized to engage in discussions with representatives of domestic or foreign governmental authorities and self-regulatory organizations concerning information obtained in individual investigations.

In addition to requests by law enforcement authorities, the Commission receives requests for access to investigative files by receivers and other similar persons appointed by the court in Commission enforcement proceedings, by SIPC, and by trustees appointed in proceedings brought under Section 5 of the Securities Investor Protection Act. Receivers, special masters, special counsels, trustees, and other similar persons, as well as SIPC, may require access to the Commission's files in order to perform the tasks for which they have been appointed. For example, information gathered during the Commission's investigation may be useful in efforts to preserve

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the assets of a company or to locate customer property in the custody of a broker-dealer.

In the past the Commission itself has considered and acted on requests for access to the Commission's files by receivers and similar persons, SIPC, and SIPC trustees. The Commission is now amending its rules to codify the authority of the Director of the Division of Enforcement to grant or deny such requests in appropriate cases, and of officials in the Division of Enforcement and Regional Offices to discuss information obtained in the course of investigations with receivers and similar persons, SIPC, and SIPC trustees.

The Commission finds, in accordance with 5 U.S.C. 553(b)(A) of the Administrative Procedure Act ("APA"), that these amendments relate solely to agency organization, procedure, or practice, and that notice and public procedure in accordance with the APA are not necessary. In addition, the Commission finds that the foregoing action does not impose any burden on competition.

Statutory authority: The Commission is adopting these amendments pursuant to its authority under Sections 19 and 20 of the Securities Act of 1933

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(15 U.S.C. 77s and 77t); Sections 21 and 23 of the Securities Exchange Act of 1934 (15 U.S.C. 78u and 78w); Sections 18 and 20 of the Public Utility Holding Company Act of 1935 (15 U.S.C. 79r and 79t); Sections 319 and 321 of the Trust Indenture Act of 1939 (15 U.S.C. 77sss and 77uuu); Sections 38 and 42 of the Investment Company Act of 1940 (15 U.S.C. 80a-37 and 80a-41); Sections 209 and 211 of the Investment Advisers Act of 1940 (15 U.S.C. 80b-9 and 80b-11); and the Act of August 20, 1962, Pub. L. No. 87-592, 76 Stat. 344 (15 U.S.C. 78d-1, 78d-2), as amended by the Securities Acts Amendments of 1975, Pub. L. No. 94-29, 89 Stat. 163 (June 4, 1975).

List of Subjects in 17 CFR Part 200

Administrative Practice and Procedure, Freedom of Information, Privacy, Securities.

List of Subjects in 17 CFR Parts 202 and 203

Administrative Practice and Procedure, Investigations Securities.

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TEXT OF AMENDMENTS

Parts 200, 202, and 203 of chapter II of Title 17 of the Code of Federal Regulations are amended as follows:

PART 200 -- ORGANIZATION; CONDUCT AND ETHICS; AND INFORMATION AND REQUESTS

1. Section 200.19b is revised to read as follows:

§ 200.19b Director of the Division of Enforcement.

The Director of the Division of Enforcement is responsible to the Commission for the supervision and conduct of all of the enforcement activities under each of the acts administered by the Commission and the investigations relating thereto. The Director is responsible also for recommending the institution of administrative and injunctive actions arising out of such investigations and enforcement activities and for the determination of whether the available evidence supports the allegations in the proposed complaint. In addition, the Director is responsible, in collaboration with the General Counsel, for the review of cases to be referred to the

Department of Justice with a recommendation for criminal prosecution, and for granting or denying requests by domestic and foreign governmental authorities, self-regulatory organizations, receivers, special counsels, and other similar persons appointed in Commission litigation, the Securities Investor Protection Corporation, and trustees and counsel for trustees appointed pursuant to Section 5(b) of the Securities Investor Protection Act, for access to the Commission's files concerning non-public investigations.

2. In §200.21 paragraph (a) is revised to read as follows:

§200.21 The General Counsel.

(a) The General Counsel is the chief legal officer of the Commission. He or she is responsible for the representation of the Commission in judicial proceedings in which it is involved as a party or as amicus curiae, for directing and supervising all civil litigation involving the Commission in the United States District Courts, and for representing the Commission in all cases in appellate courts. The General Counsel is

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responsible for the review of cases which the Division of Enforcement recommends be referred to the Department of Justice with a recommendation for criminal prosecution, and for the review of requests by domestic and foreign governmental authorities, self-regulatory organizations, receivers, special counsels, and other similar persons appointed in Commission litigation, the Securities Investor Protection Corporation, and trustees and counsel for trustees appointed pursuant to Section 5(b) of the Securities Investor Protection Act, for access to materials contained in Commission files concerning non-public investigatory proceedings in which formal orders of investigation have been entered. In addition, he or she is responsible for advising the Commission at its request or at the request of any division director or office head, or on his or her own motion, with respect to interpretations involving questions of law; for reviewing and advising the Commission upon the legal aspects and policy implications of pre-argument memorandums and draft Commission opinions prepared by the Office

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of Opinions and Review; for the conduct of administrative proceedings relating to the disqualification of professional persons from practice before the Commission; for the preparation of Commission comments to the Congress on pending legislation; and for the drafting, in conjunction with appropriate divisions and offices, of legislative proposals to be sponsored by the Commission. The General Counsel is also responsible for the review and clearance of the form and content of articles, treatises, and prepared speeches and addresses by members of the staff relating to the Commission or to the statutes and rules administered by the Commission and is responsible for investigating any claims of staff improprieties. Additionally, he or she has responsibility with the Office of Opinions and Review for dealing with general problems arising under the Administrative Procedure Act, including (with the Office of Opinions and Review) the revision or adoption of rules of practice. He or she is responsible (with

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the Director of Personnel) for administering and interpreting the Commission's Conduct Regulation. He or she serves as Counselor to the Commission and its staff with regard to ethical and conflicts of interest questions and acts as the Commission's liaison on such matters with the Office of Personnel Management and the Department of Justice. The General Counsel also is responsible for coordinating and reviewing the interpretive positions of the various divisions and offices. In addition, he or she is responsible for appropriate disposition of all Freedom of Information Act appeals pursuant to the authority delegated in §200.30-14, and is the Commission's advisor with respect to legal problems arising under the Freedom of Information Act, the Privacy Act, the Federal Reports Act, the Federal Advisory Committee Act, the Civil Service laws and regulations, the statutes and rules applicable to the Commission's procurement, contracting, fiscal and related administrative activities, and other statutes and regulations of a similar nature applicable to a number of Government agencies.

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3. In §200.30-4 paragraph (a)(7) is revised to read as follows:

§200.30-4 Delegation of authority to Director of Division of Enforcement.

* * * * *

(a) * * *

(7) To grant requests for access to or copies of, materials in the Commission's files concerning a non-public investigation upon written request for such access submitted by domestic and foreign governmental authorities, self regulatory organizations, receivers, special counsels, and other similar persons appointed in Commission litigation, the Securities Investor Protection Corporation, and trustees and counsel for trustees appointed pursuant to Section 5(b) of the Securities Investor Protection Act; Provided That, in matters in which the Commission has entered a formal order of investigation, such access shall be granted only with the concurrence of the General Counsel or his or her delegate.

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PART 202 -- INFORMAL AND OTHER PROCEDURES

1. In §202.5 paragraph (b) is revised to read as follows:

§202.5 Enforcement activities.

* * * * *

(b) After investigation or otherwise the Commission may in its discretion take one or more of the following actions: institution of administrative proceedings looking to the imposition of remedial sanctions, initiation of injunctive proceedings in the courts, and, in the case of a willful violation, reference of the matter to the Department of Justice for criminal prosecution. The Commission may also, on some occasions, refer the matter to, or grant requests for access to its files made by, domestic and foreign governmental authorities, self-regulatory organizations such as the stock exchanges or the National Association of Securities Dealers, Inc., and other persons or entities.

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PART 203 -- RULES RELATING TO INVESTIGATIONS

1. Section 203.2 is revised to read as follows:

§203.2 Information obtained in investigations and examinations.

Information or documents obtained by the Commission in the course of any investigation or examination, unless made a matter of public record, shall be deemed non-public, but the Commission approves the practice whereby officials of the Division of Enforcement at the level of Assistant Director or higher, and officials in Regional Offices at the level of Assistant Regional Administrator or higher, may engage in, and may authorize members of the Commission's staff to engage in, discussions with representatives of domestic or foreign governmental authorities, self-regulatory organizations, receivers, special counsels, and other similar persons appointed in Commission litigation, the Securities Investor Protection Corporation, and trustees and counsel for trustees appointed pursuant to Section 5(b) of the Securities Investor Protection Act, concerning information obtained in individual investigations, including examinations and formal investigations conducted pursuant to Commission order.

By the Commission.

George A. Fitzsimmons
Secretary.

June 10, 1982.

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[Release No. 6410; (18-91)]

The Equitable Life Assurance Society of the United States and Separate Account No. 2A (Pooled) of the Equitable Life Assurance Society of the United States; Filing of Application

June 17, 1982.

Notice is hereby given that The Equitable Life Assurance Society of the United States ("Equitable"), 1285 Avenue of the Americas, New York, N.Y. 10019, a mutual life insurance company organized under the laws of the State of New York which is registered as an investment adviser under the Investment Advisers Act of 1940 and as a broker-dealer under the Securities Exchange Act of 1934, on July 24, 1981 filed an application for an order exempting from the registration requirements of the Securities Act of 1933 ("1933 Act"), certain interests in Equitable's proposed Separate Account No. 2A (Pooled) (the "Account") attributed to contributions derived under certain association sponsored plans designed to comply with the Self-Employed Individuals Tax Retirement Act of 1962, as amended ("H.R. 10"), as described below. All interested persons are referred to that application which is on file with the Commission for the facts and representations contained therein, which are summarized below.

Background

The Account will be established and maintained by Equitable as a "pooled" separate account pursuant to section 227 of the New York Insurance Law. Amounts allocated to the Account will be derived under group annuity contracts issued by Equitable in connection with pension and profit-sharing plans qualified under section 401 of the Internal Revenue Code of 1954, as amended ("Code"), annuity plans meeting the requirements for deduction of the employer's contribution under section 404(a)(2) of the Code, and governmental plans as defined in section 414(d) of the Code and as specified in section 3(a)(2) of the 1933 Act. The portfolio of the Account will consist of high quality money market securities with remaining maturities of 60 days or less, including certificates of deposit, commercial paper, repurchase agreements, corporate notes and U.S. Government issues, principally Treasury bills and notes.

The Account will be made available to (a) Equitable's other separate accounts which are maintained without registration under the Investment Company Act of 1940 ("the 1940 Act") in reliance upon the exemption provided by section 3(c)(11) of the 1940 Act, and the interests of which are maintained without registration under the 1933 Act in reliance upon the exemption provided by section 3(a)(2) of that Act, (collectively, the "fully exempt separate accounts"), and (b) its Separate Account Nos. 4 and 100, which fund (i) H.R. 10 plans sponsored by various associations (collectively, the "association H.R. 10 plans"), and (ii) corporate plans under the exemptions provided by sections 3(a)(2) and 3(c)(11). While the interests in Separate Account Nos. 4 and 100 attributed to contributions under the association H.R. 10 plans are registered under the 1933 Act, Separate Account Nos. 4 and 100 themselves are exempt from 1940 Act registration under section 3(c)(11) of the 1940 Act. Under Equitable's proposal, the fully exempt separate accounts and Separate Account Nos. 4 and 100 (collectively, the "eligible separate accounts") will be able to allocate their respective cash positions to the Account for investment, on a pooled basis, in money market securities.

The eligible separate accounts will be credited with units of interest in the Account, which will be carried as assets on their respective financial statements. Their respective cash positions will be determined each business day and allocated to the Account in a manner consistent with each eligible Account's investment policy and objectives. Adjustments in the number of units of interest in the Account credited to an eligible separate account will be made to reflect subsequent allocations and withdrawals.

Under Equitable's proposal, there will be no investment management fee charged to the eligible separate accounts participating in the Account. Holders of contracts participating in the eligible separate accounts will be charged only the usual investment management fee and any other charges normally applicable to their eligible separate account. There will be no separate or additional fee or any other charge imposed on the units held in the Account. Thus, there will be no duplication of any fees as a result of the proposal.

Equitable proposes to amend the prospectuses of Separate Account Nos. 4 and 100 in order to revise the descriptions of their investment policies to disclose the use of the Account for the investment of cash assets. These prospectuses also will be amended to describe the investment policy of the Account, its management by Equitable, the type of securities held in the Account's portfolio, how interests in the Account are valued and use of the Account by Separate Account Nos. 4 and 100, as the case may be, for the particular association H.R. 10 plan. The statement of investments will include a single line item indicating the total number, cost and market value of the units of interest in the Account credited to Separate Account No. 4 and Separate Account No. 100, together with the effective yield. Any appropriate note disclosure will also be made in the related notes to financial statements.

Section 3(a)(2)

Section 3(a)(2) provides an exemption from registration under the 1933 Act for "any security arising out of a contract issued by an insurance company, which * * * security is issued in connection with * * * [a] pension, or profit-sharing plan which meets the requirements for qualification under section 401 of the [Code] * * *," other than a plan (an H.R. 10 plan) which covers self-employed persons within the meaning of the Code.

Because the cash assets of Separate Account Nos. 4 and 100 attributable to contributions under association H.R. 10 plans would be derived by the Account, through intervening separate accounts (Nos. 4 and 100), from plans covering self-employed persons, the interests in the Account associated with those cash

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assets would fall within the H.R. 10 exclusion from the section 3(a)(2) exemption. However, the Commission has the authority pursuant to section 3(a)(2) of the 1933 Act, to exempt from the provisions of Section 5 of the 1933 Act any such interest, if and to the extent that it "determines this to be necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of" that Act.

The legislative history of section 3(a)(2) of the 1933 Act indicates that when the Congress amended that section in 1970 to, among other things, exempt from the registration provisions of the 1933 Act interests in insurance company separate accounts funding Section 401 qualified pension and profit-sharing plans, it excluded from the exemption interests and participations in separate accounts used in connection with H.R. 10 plans "because of their fairly complex nature as an equity investment and because of the likelihood that they would be sold to self-employed persons, unsophisticated in the securities field. However, the amendment would grant the Commission authority, by rule, regulation, or order to exempt such interests or participations to the extent that the Commission shall determine this to be necessary or appropriate in the public interest." House Committee Report No. 91-1382 (1970), pp. 43-44. Equitable submits that none of the concerns of Congress in excluding H.R. 10 plans for the section 3(a)(2) exemption are present under its proposal.

Further, Equitable asserts that this proposal will permit a more efficient, and more effective, method of investing the cash positions of Separate Account Nos. 4 and 100 and the other eligible separate accounts at no additional cost to the contractholder or plan participant. Presently, the investment in money market securities of cash held by the eligible separate accounts is made separately for each account each business day. Equitable believes that by pooling the investment of the cash positions of the eligible separate accounts through the Account, a more efficient utilization of these funds will be achieved with a greater investment return to contractholders and plan participants.

Equitable notes that the portfolio of the Account will consist of the same type of money market securities as those that now are held by each of the eligible separate accounts. Also, Equitable's Securities Operations Area, which is responsible for the continuing supervision and evaluation of all securities investments of the eligible separate accounts under Equitable's management, performs such responsibilities with respect to the investments of Separate Account Nos. 4 and 100 and will do so for investments of the Account. Additionally Equitable submits that with the use of the Account described in Equitable's prospectuses, as proposed, the relevant disclosures will be subject to the scrutiny of the Commission's staff and to the liabilities provided under the federal securities law.

Request for Order

Based on the foregoing, Equitable requests that the Commission issue an order pursuant to section 3(a)(2) of the 1933 Act exempting from the registration requirements of section 5 of the 1933 Act interests in Equitable's Separate Account No. 2A credited to its Separate Account Nos. 4 and 100 which are attributable to allocations to Separate Account Nos. 4 and 100 under association H.R. 10 plans.

Notice is further given that any interested persons may, not later than July 12, 1982 at 5:30 p.m., submit to the Commission a request for a hearing on the matter, accompanied by a statement of the nature of his or her interest, the reasons for such request, and the issues, if any, of fact or law proposed to be controverted, or he or she may request to be notified if the Commission shall order a hearing thereon. Any such communication should be addressed: Secretary, Securities and Exchange Commission, Washington, D.C., 20549. A copy of such request shall be served personally or by mail upon Applicant at the address stated above. Proof of service (by affidavit or, in the dase of an attorney-at-law, by certificate) shall be filed contemporaneously with the request. An order disposing of the matter will be issued as of course following July 12, 1982 unless the Commission thereafter orders a hearing upon request or upon the Commission's own motion. Persons who request a hearing, or advice as to whether a hearing is ordered, will receive notice of further developments in this matter, including the date of the hearing (if ordered) and any postponement thereof.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

George A. Fitzsimmons,

Secretary.

[FR Doc. 82-17097 Filed 6-22-82; 8:45 am]

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Securities Exchange Act of 1934
Release No. 18805 / June 11, 1982

An order has been issued granting the application of the New York Stock Exchange, Inc. to strike the common stock (no par value) of LANE BRYANT, INC. from listing and registration thereon.

SECURITIES EXCHANGE ACT OF 1934
Release No. 18806/ June 14, 1982

Administrative Proceeding File No. 3-6033

In the Matter of CURTIS C. McCLENDON, JR. 8101 Cantrell, #604	FINDINGS AND ORDER IMPOSING REMEDIAL SANCTIONS

I.

In this proceeding, instituted on June 25, 1981 1/, respondent Curtis C. McClendon, Jr. has submitted an Offer of Settlement which the Commission has determined to accept. Solely for the purpose of settling this proceeding and without admitting or denying the allegations contained in the Order for Proceedings, the respondent consents to the findings of violations and sanctions contained in this Order.

II.

On the basis of the Order for Proceedings and the Offer of Settlement, the Commission finds that McClendon willfully violated Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, as alleged in the Order for Proceedings. 2/

III.

In view of the above, it is in the public interest to impose the sanctions and accept the undertakings specified in the Offer of Settlement.

1/ See Securities Exchange Act of 1934 Release No. 17893 (June 25, 1981).

2/ The findings herein are not binding on any respondent named in this proceeding.

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Accordingly, IT IS ORDERED:

1. That McClendon is prohibited from association with any broker or dealer, investment adviser, or investment company for a period of two years, and, commencing on the second Monday following the entry of the Order, McClendon is barred from association with any broker or dealer, investment adviser or investment company except in a non-supervisory and non-proprietary capacity, except that after a period of two years, McClendon shall have the right to apply to the Commission to become associated with any broker or dealer, investment adviser or investment company in a supervisory and proprietary capacity;

2. That the two-year prohibition from association shall not be imposed at this time; and

3. That if McClendon is, in the future, found by the Commission to have violated any provisions of the federal securities laws during the period from the date of this Order until October 2, 1983, the two-year prohibition referred to herein shall then be imposed in addition to any other sanctions which may be appropriate in the public interest. */

By the Commission.

George A. Fitzsimmons
Secretary

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*/ In imposing the foregoing sanction, the Commission notes that Respondent McClendon has been the subject of a Complaint filed by the Arkansas Securities Department, an action which arose out of the same violative conduct charged in this Proceeding. In the Arkansas proceeding, McClendon's Arkansas agent registration was revoked for a period of four years commencing on October 2, 1979, with the last three years being a probationary period.

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Release No. 18807 / June 14, 1982

In the Matter of

THE EQUITABLE LIFE ASSURANCE SOCIETY OF THE UNITED STATES
FILE No.: 81-659

APPLICATION PURSUANT TO SECTION 12(h)

The Securities and Exchange Commission has issued a notice giving interested persons until July 9, 1982 , to request a hearing on an application of The Equitable Life Assurance Society of the United States (the "Applicant"), pursuant to Section 12(h) of the Securities Exchange Act of 1934, for an order exempting the Applicant from the periodic reporting requirements under Sections 13 and 15(d) of the 1934 Act with respect to the operation of Separate Accounts Nos. 4 and 100.

[Rel. No. 34-18808; File No. SR-NSCC-82-9]

Filing and Immediate Effectiveness of Proposed Rule Change by the National Securities Clearing Corporation

June 14, 1982.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"), 15 U.S.C. 78s(b)(1), notice is hereby given that on June 4, 1982, the National Securities Clearing Corporation ("NSCC") filed with the Securities and Exchange Commission the proposed rule change as described herein. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

NSCC has published the processing time schedules for both listed and over-the-counter activity and securities processing at its San Francisco clearing center.

In its filing, NSCC stated that the proposed rule change is consistent with the Securities Exchange Act of 1934 and the rules and regulation thereunder because publication of the time schedules will assist NSCC clearing members in the prompt and accurate clearance and settlement of securities transactions.

The foregoing change has become effective, pursuant to section 19(b)(3)(A) of the Act and subparagraph (e) of Securities Exchange Act Rule 19b-4. At any time within 60 days of the filing of such proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

Interested persons are invited to submit written data, views and arguments concerning the submission on or before July 8, 1982. Persons desiring to make written comments should file six copies thereof with the Secretary of the Commission, Securities and Exchange Commission, 500 North Capitol Street, Washington, D.C. 20549. Reference should be made to File No. SR-NSCC-82-9.

Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change which are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those which may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying at the Commission's Public Reference Room, 1100 L Street, NW., Washington, D.C. Copies of the filing and of any subsequent amendments also will be available for inspection and copying at the principal office of the above-mentioned self-regulatory organization.

For the Commission, by the Division of Market Regulation pursuant to delegated authority.

George A. Fitzsimmons,

Secretary.

[FR Doc. 82-16630 Filed 6-17-82; 8:45 am]

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Securities Exchange Act of 1934
Release No. 18809 / June 16, 1982

A notice has been issued giving interested persons until July 8, 1982 to comment on the applications of the Midwest Stock Exchange, Incorporated for unlisted trading privileges in seven issues which are listed and registered on one or more other national securities exchanges and are reported in the consolidated transaction reporting system.

SECURITIES EXCHANGE ACT OF 1934
Release No. 18810 / June 10, 1982

SEE

SECURITIES ACT OF 1933
Release No. 6409 / June 10, 1982

Securities Exchange Act of 1934
Release No. 18811 / June 16, 1982

A notice has been issued giving interested persons until July 8, 1982 to comment on the applications of the Cincinnati Stock Exchange for unlisted trading privileges in two issues which are listed and registered on one or more other national securities exchanges and are reported in the consolidated transaction reporting system.

Securities Exchange Act of 1934
Release No. 18812 / June 16, 1982

An order has been issued granting the application of the New York Stock Exchange, Inc. to strike the common stock ($2.50 par value) and 9 3/8% debentures (due 6-30-95) of AM INTERNATIONAL, INC. and the 4 3/4% convertible guaranteed debentures (due 5-1-88) of ADDRESSOGRAPH MULTIGRAPH INTERNATIONAL CORPORATION (assumed by AM International, Inc.) from listing and registration thereon.

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[Release No. 18813; File No. Sr-OCC-82-9]

Filing and Order Granting Accelerated, Approval of Proposed Rule Change by Options Clearing Corporation

June 17, 1982.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"), 15 U.S.C. 78s(b)(1), notice is hereby given that on April 23, 1982, the Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission the proposed rule change as described herein. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

The proposed rule change would amend OCC's financial responsibility rules to conform to several of the recent amendments to SEC Rule 15c3-1 (17 CFR 240.15c3-1), the "Net Capital Rule," and SEC Rule 17a-11 (17 CFR 240.17a-11). Those rule amendments were announced by the Commission in Securities Exchange Act Release No. 18417 (January 13, 1982), 47 FR 3512 (January 25, 1982) and, in general, reduced the financial responsibility standards for certain registered broker-dealers. Briefly, the Commission's most significant revision was the reduction, from four percent to two percent, of the minimum net capital that broker-dealers are required to maintain under the alternative method of computing net capital (*see* Rule 15c3-1(f)). Moreover, the Commission amended its "early warning" rule, Rule 17a-11, to require broker-dealers to notify their designated examining authorities, the Commission and, in certain cases, the Commodities Futures Trading Commission, when the broker-dealers' net capital, as calculated under the alterantive method, falls below five percent. The Commission's previous level was six percent.

OCC's minimum net capital rule, Rule 302, currently prohibits OCC clearing members that operate under the alternative method from clearing opening options transactions if their net capital falls below the greater of $100,000 or four percent of their aggregate debit items computed in accordance with Schedule A of SEC Rule 15c3-3 (17 CFR 240.15c3-3). Pursuant to the proposed rule change and consistent with the Commission's amendments to Rule 15c3-1(f), those clearing members would be prohibited from clearing opening transactions if their net capital level falls below the greater of $100,000 or two percent of their aggregate debit items.

To reflect the two percent reduction in Rule 15c3-1(f) and to conform with the Commission's amendments to Rule 17a-11, OCC's early warning rule, Rule 303, would also be amended under the proposed rule change. First, it would be changed to require clearing members operating under the alternative method to notify OCC in the event that their net capital falls below the greater of $150,000 or five percent of their aggregate debit items. OCC Rule 303 currently requires OCC members to notify OCC if their net capital falls below the greater of $150,000 or seven percent of aggregate debit items. Second, OCC Rule 303 would be amended by adding new paragraph (c). That paragraph would conform Rule 303 to SEC Rule 15c3-1(c)(2)(v)(C) by granting a clearing member relief from complying with OCC's net capital rule if that clearing member is given an extension of time to resolve short securities positions by its examining authority.

In addition, pursuant to the proposed rule change, an interpretation under OCC Rule 305 would be amended. OCC Rule 305, in general, authorizes OCC, to impose certain restrictions on a clearing member if OCC, through its President or Chairman, determines that the clearing member is operationally or financially unsound.[1] Interpretation Two under the Rule is one of eight Interpretations that illustrate when Rule 305's prohibitions or limitations may be applicable. That Interpretation provides that restrictions may be imposed if a clearing member's net capital remains below six percent of its aggregate debit items for three consecutive months. Under the proposed rule change and consistent with the Commission's two percent reduction in minimum net capital under the alternative method, the percentage would be reduced to four percent.

Finally, OCC Rule 301, which requires higher net capital requirements for newly-registered or newly-admitted members that use the alterative method, would be amended in a manner consistent with the two percent reduction in SEC Rule 15c3-1(f). Pursuant to the proposed rule change, Rule 301 would require a clearing member operating under the alternative method of computing net capital to maintain net capital levels of the greater of $150,000 or five percent of the aggregate debit items. Previously, a clearing member was required to maintain net capital levels of the greater of $150,000 or seven percent.

OCC believes that the proposed rule change is consistent with section 17A(b)(3) of the Act because it enhances the ability of brokers and dealers to become and to remain participants in OCC by liberalizing OCC's financial responsibility standards in conformity with the Commission's amendments to Rules 15c3-1 and 17a-11. At the same time, OCC's financial responsibility standards, consistent with OCC's traditional net capital treatment continue to maintain protective cushions identical to, or greater than, those stated in the Commission's Rules.

Interested persons are invited to submit written data, views and arguments concerning the proposed rule change on or before July 14, 1982. Persons desiring to make written comments should file six copies thereof with the Secretary of the Commission, Securities and Exchange Commission, 500 North Capitol Street, Washington,

[1] Under the Rule, OCC's President or Chairman is authorized, after determining that a clearing member's fiancial or operational condition threatens OCC's collective membership or the general public, to prohibit or to limit OCC from clearing that member's opening options transactions and to reduce or to eliminate the member's existing short positions for which securities have not been deposited with OCC.

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D.C. 20549. Reference should be made to File No. SR-OCC-82-9.

Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change which are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those which may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying at the Commission's Public Reference Room, 1100 L. Street, N.W., Washington, D.C. Copies of the filing and of any subsequent amendments also will be available for inspection and copying at the principal office of the above-mentioned self-regulatory organization.

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to clearing agencies and, in particular, the requirements of section 17A of the Act and the rules and regulations thereunder.

The Commission also finds good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of notice of filing. Approval of the proposed rule change will enable OCC to harmonize its financial responsibility rules with the Commission's requirements, thereby avoiding the unintended anomaly of imposing inconsistent regulatory policies on broker-dealer members of OCC.

It is therefore ordered, pursuant to section 19(b)(2) of the Act, that the proposed rule change referenced above be, and hereby is, approved.

For the Commission, by the Division of Market Regulation pursuant to delegated authority.

George A. Fitzsimmons,

Secretary.

[FR Doc. 82-16875 Filed 6-22-82; 8:45 am]

BILLING CODE 8010-01-M

Securities Exchange Act of 1934
Release No. 18814 / June 17, 1982

A notice has been issued giving interested persons until July 9, 1982 to comment on the applications of, the Philadelphia Stock Exchange, Inc. for unlisted trading privileges in four issues which are listed and registered on one or more other national securities exchanges and are reported in the consolidated transaction reporting system.

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[Release No. 22532; 70-6740]

Gulf Power Co.; Proposed Financing of Pollution Control and Waste Disposal Equipment Through County Revenue Bonds; Exception From Competitive Bidding

June 11, 1982.

In the matter of Gulf Power Company, 75 North Pace Boulevard, Pensacola, Florida 32520 (70-6740).

Gulf Power Company, an electric utility subsidiary of The Southern Company, has filed an application-declaration pursuant to Sections 6(a), 7, and 12(d) of the Public Utility Holding Company Act of 1935 ("Act") and Rules 44(b)(3) and 50(a)(5) thereunder.

Gulf proposes that certain pollution control and solid waste disposal facilities ("Facilities") at its Crist and Lansing Smith Steam Plants located, respectively, in Escambia and Bay Counties, Florida, be financed through revenue bonds ("Revenue Bonds") issued by each county ("County") or for both plants by Escambia County. The issuance of such bonds is authorized by the Florida Industrial Development Financing Act, Chapter 159, Florida Statutes ("the Statute").

It is presently estimated that the aggregate principal amount of Revenue Bonds to be issued from time to time by either or both Counties will not exceed $32,000,000 in the aggregate.

Gulf proposes to enter into a separate Loan Agreement with either or both Counties relating to each issue of the Revenue Bonds (the "Agreement"). Under each Agreement, the County will loan to Gulf the proceeds of the sale of the County's Revenue Bonds, and Gulf will issue a non-negotiable promissory note thereof (the "Note"). Such proceeds will be deposited with a Trustee (the "Trustee") under an indenture to be entered into between the County and such Trustee (the "Trust Indenture"), pursuant to which such Revenue Bonds are to be issued and secured, and will be applied by Gulf to payment of the Cost of Construction of the related Project. Each Note will provide for payments thereon to be made at times and in amounts which shall correspond to the payments with respect to the principal of, premium, if any, and interest on the related series of Revenue Bonds whenever and in whatever manner the same shall become due, whether at stated maturity, upon redemption or declaration or otherwise. Each Agreement will provide for the assignment to the Trustee of the County's interest in, and of the moneys receivable by the County under, the Agreement and the Note. Each Agreement will also obligate Gulf to pay the fees and charges of the Trustee and will provide that Gulf may at any time, so long as it is not in default thereunder, prepay the amount due under the Note, including interest thereon, in whole or in part. Such payment would be sufficient to redeem or purchase the related Revenue Bonds outstanding in the manner and to the extent provided in the Trust Indenture.

Each Trust Indenture will provide that the Revenue Bonds will be redeemable. If redemption, in whole or in part, is at Gulf's option and occurs at any time on or after a date not later than 10 years from the date of issuance, the initial premium would be of up to 3% of the principal amount, declining by not less than ½ of 1% annually thereafter. If redeemed in whole, at Gulf's option, because of undue burdens of excessive liabilities imposed with respect to the related Project, its destruction or damage beyond practicable or desirable repairability or condemnation or taking by eminent domain, or if operation of the related plant is enjoined and Gulf determines to discontinue operation thereof, redemption would be at the principal amount thereof plus accrued interest, but without premium. It is proposed that the Revenue Bonds will mature from one to 30 years from the first day of the month in which they are initially issued and may, if they have a maturity of 15 to 30 years and if it is deemed advisable for purposes of the marketability of the Revenue Bonds, be entitled to the benefit of mandatory redemption sinking funds calculated to retire a portion of the aggregate principal amount of the issues prior to maturity.

Gulf may determine to secure its obligations under each Note by delivering to the Trustee, to be held as collateral, a separate series of its first mortgage bonds (the "Collateral Bonds") in principal amount equal to the principal amount of the related series of Revenue Bonds. Gulf has been advised that such an arrangement would cause the Revenue Bonds to have a rating equivalent to the rating of its first mortgage bonds outstanding under the indenture dated as of September 1, 1941 between Gulf and The Chase Manhattan Bank (National Association), and The Citizens and Peoples National Bank of Pensacola, as Trustees (the "Indenture Trustees"), as supplemented and amended (the "Mortgage"). The Collateral Bonds will be issued under a supplemental indenture to the Mortgage (the "Supplemental Indenture") to be dated as of the first day of the month in which the Collateral Bonds are to be issued and delivered, will bear interest at a rate equal to the interest rate to be borne by the related series of Revenue Bonds, will mature on the maturity date of such Revenue Bonds and will be non-transferable by the Trustee. The Collateral Bonds will be issued on the basis of unfunded net property additions.

The Supplemental Indenture will provide, however, that the obligation of Gulf to make payments with respect to each series of Collateral Bonds will be satisfied to the extent that payments are made under the related Note sufficient to meet payments when due of the related series of Revenue Bonds. The Supplemental Indenture will provide that, upon acceleration by the Trustee of the principal amount of all outstanding Revenue Bonds of any series under a Trust Indenture, such Trustee may demand the mandatory redemption of the related series of Collateral Bonds then held by it as collateral. The redemption price would be equal to the principal amount thereof plus accrued interest, if any, to the date fixed for redemption. The Supplemental Indenture may also provide that, upon optional redemption of a series of Revenue bonds, in whole or in part, at any time after they have been outstanding for a period not longer than 10 years, an equal principal amount of the related series of Collateral Bonds will be redeemed at an initial premium

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of up to 3%, declining by not less than ½% every year.

The Trust Indenture will provide that, upon deposit with the Trustee of funds sufficient to pay or redeem all or any part of a series of Revenue Bonds, or upon direction of the Trustee by Gulf to so apply funds available therefor, or upon delivery of outstanding Revenue Bonds of such series to the Trustee by or for the account of Gulf, the Trustee will be obligated to deliver to Gulf, or for the account of Gulf, the related Collateral Bonds then held as collateral in an aggregate principal amount equal to the aggregate principal amount of Revenue Bonds for the payment or redemption of which such funds have been deposited or applied or which shall have been so delivered.

As an alternative to or in conjunction with Gulf's securing its obligations through the issuance of the Collateral Bonds as above described, Gulf may cause irrevocable Letters of Credit (the "Letters of Credit") of a bank (the "Bank") to be delivered to the Trustee. The respective Letters of Credit would be irrevocable obligations of the Bank to pay the Trustee, upon request, up to an amount necessary in order to pay principal of and accrued interest on the respective series of Revenue Bonds when due. Pursaunt to a separate agreement with the Bank, Gulf would agree to pay to the Bank on demand all amounts that are drawn under the Letters of Credit, as well as certain fees and expenses. Such delivery of the Letters of Credit to the Trustee would obtain for the Revenue Bonds the benefit of a rating equivalent to the credit rating enjoyed by the Bank. In the event that the Letters of Credit are delivered to the Trustee as an alterantive to the issuance of the Collateral Bonds, Gulf may also convey to the Counties subordinated security interests in the Projects or other property of Gulf as further security for Gulf's obligations under the respective Agreements and Notes. Such subordinated security interests would be assigned by the Counties to the Trustee.

As a further alternative to, or in conjunction with, securing its obligations under each Agreement and Note as above described, and in order to obtain a "AAA" rating for the Revenue Bonds by Standard and Poor's Corporation, Gulf may cause an insurance company to issue separate policies of insurance guaranteeing the payment when due of the principal of and interest on each series of the Revenue Bonds. Each such insurance policy would extend for the term of the related Revenue Bonds and would be non-cancelable by the insurance company for any reason. Non-refundable, one-time insurance premiums for the policies would be fully paid by Gulf at the time the policies are issued. In addition, Gulf may be obligated to make payments of certain specified amounts into separate escrow funds and to increase the amounts on deposit in such funds under certain circumstances. The amount in each escrow fund would be payable to the insurance company as indemnity for any amounts paid pursuant to the related insurance policy in respect of principal of or interest on the related Revenue Bonds.

If, due to insufficiency of coverages or for other reasons, Gulf is unable or determines not to issue the Collateral Bonds or to deliver the Letter of Credit to the Trustee as above described or to cause insurance policies to be issued, the Revenue Bonds would be issued without the benefit of such security. In that event Gulf may convey to the Counties subordinated security interests in the respective Projects or other property of Gulf as security for its obligations under the respective Notes. Such subordinated security interests would be assigned by the Counties to the Trustee.

It is contemplated that the Revenue Bonds will be sold by each County pursuant to an agreement between the County and one or more underwriters. In accordance with the laws of the State of Florida, the interest rate to be borne by the Revenue Bonds will be fixed by the County and will be either a fixed rate or a rate which will fluctuate in accordance with a specified prime or based rate or rates, and, if Collateral Bonds are issued, such a fluctuating rate will not exceed a specified maximum rate or fall below a specified minimum rate. Interest on the Revenue Bonds will be exempt from federal income taxation and the interest rates on such obligations have been and can be expected at the time of issue of the Revenue Bonds, to be approximately three or four percentage points lower than the interest rates on instruments of like tenor and comparable quality, but subject to federal income taxation.

In the event that both Projects are financed through the issuance by Escambia County of its Revenue Bonds, there may be only one Agreement, Trust Indenture, series of Revenue Bonds and series of Collateral Bonds.

Gulf seeks an exception from the competitive bidding requirement of Rule 50 pursuant to subparagraph 50(a)(5) for the issuance of its Notes and Collateral Bonds because such instruments are to be issued and pledged solely to secure Gulf's obligations to the Counties and no public offering is to be made.

The application-declaration and any amendments thereto are available for public inspection through the Commmission's Office of Public Reference. Interested persons wishing to comment or request a hearing should submit their views in writing by July 6, 1982, to the Secretary, Securities and Exchange Commission, Washington, D.C. 20549, and serve a copy on the applicant-declarant at the address specified above. Proof of service (by affidavit or, in the case of an attorney at law, by certificate) should be filed with the request. Any request for a hearing shall identify specifically the issues of fact or law that are disputed. A person who so requests will be notified of any hearing, if ordered, and will receive a copy of any notice or order issued in this matter. After said date, the application-declaration, as filed or as it may be amended, may be granted and permitted to become effective.

For the Commission, by the Division of Corporate Regulation, pursuant to delegated authority.

Shirley E. Hollis,

Assistant Secretary.

[FR Doc. 82-16578 Filed 6-17-82; 8:45 am]

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PUBLIC UTILITY HOLDING COMPANY ACT OF 1935
Release No. 22533 / June 11, 1982

In the Matter of :

BLACKHAWK COAL COMPANY :
Lancaster, Ohio

:

(70-6720)

ORDER RELEASING JURISDICTION OVER FEES

The Blackhawk Coal Company ("Blackhawk"), a wholly-owned coal mining subsidiary of Indiana & Michigan Electric Company, an operating subsidiary of American Electric Power Company, Inc., a registered holding company, has filed a post-effective amendment to an application previously filed with this Commission pursuant to Sections 9(a) and 10 of the Public Utility Holding Company Act of 1935 and applicable rules promulgated thereunder.

By order dated May 7, 1982 in this proceeding (HCAR No. 22494), the Commission authorized Blackhawk to lease from Manufacturers Hanover Trust Company ("Lessor") a variety of coal mining equipment with a value to Lessor of up to $20,000,000. Jurisdiction was reserved over the fees and expenses to be incurred by Blackhawk in connection with the proposed transaction.

In the aforementioned post-effective amendment, Blackhawk has detailed the services to it by American Electric Power Service Corporation in connection with the proposed transaction. The total fees and expenses charged for such services are $5,463.

IT IS ORDERED, pursuant to the applicable provisions of the Act and rules thereunder, that said application, as amended, be, and it hereby is, granted and permitted to become effective forthwith, subject to the terms and conditions prescribed in Rule 24 promulgated under the Act and subject to the quarterly filing requirement prescribed in the order of May 7, 1982 (HCAR No. 22494).

IT IS FURTHER ORDERED that the jurisdiction reserved in this proceeding over the fees and expenses incurred in connection with the proposed transaction be, and it hereby is, released effective forthwith.

For the Commission, by the Division of Corporate Regulation, pursuant to delegated authority.

George A. Fitzsimmons
Secretary

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[Relase No. 22534; 70-6306]

Consolidated Natural Gas Co.; Issuance of Common Stock to ESOP and DRP Plans

June 14, 1982.

The Consolidated Natural Gas Company ("Consolidated"), 100 Broadway, New York, New York 10005, a registered holding company, has filed with this Commission a post-effective amendment to its declaration previously filed and amended pursuant to sections 6(a), 7 and 12(c) of the Public Utilty Holding Company Act of 1935 ("Act") and Rules 42 and 50(a)(5) promulgated thereunder.

By order of June 7, 1979 (HCAR No. 21089), Consolidated was authorized to issue and sell 1,000,000 shares of common stock, $8 par value, from time to time through December 31, 1981, to the agent for Consolidated's common stockholders participating in its dividend reinvestment plan ("DRP Plan") and to the Trustees of the employee stock ownership plan ("ESOP Plan") of Consolidated and its participating subsidiaries. By order dated February 12, 1982 (HCAR No. 22388) the Commission authorized extension of the period for issuing the remaining 899,978 shares through December 31, 1983. On March 19, 1982, the Commission issued an order (HCAR NO. 22424), authorizing, among other things, Consolidated to solicit proxies for stockholder approval of an amendment to its Certificate of Incorporation by increasing and reclassifying its authorized common stock from 22,000,000 shares, $8 par value, to 50,000,000 shares, $4 par value, primarily for the purpose of effecting a two-for-one stock split. Each share of issued and unissued $8 par value common stock would be changed into two shares of $4 par value common stock. On May 17, 1982, Consolidated issued 58,868 shares of its common stock, $8 par value, to Morgan Guaranty Trust Company of New York, Agent for the DRP Plan, thereby leaving 780,153 shares of those originally authorized by the Commission for issuance to such Agent and to the Trustees of the ESOP unissued. At the close of business on May 18, 1982, the two-for-one stock split became effective, and all shares of the common stock were reclassified as $4 par value.

By post-effective amendment, Consolidated seeks authorization to issue through December 31, 1983, to the Agent for the DRP Plan and to the Trustees of the ESOP Plan, 1,560,306 shares of its common stock, $4 par value, or twice the number of $8 par value shares remaining unissued immediately prior to the stock split.

The declaration as amended by the post-effective amendment and any amendments thereto are available for public inspection through the Commission's Office of Public Reference. Interested persons wishing to comment or request a hearing should submit their views in writing by July 8, 1982, to the Secretary, Securities and Exchange Commission, Washington, D.C. 20549, and serve a copy on the declarant at the address specified above. Proof of service (by affidavit or, in case of an attorney at law, by certificate) should be filed with the request. Any request for a hearing shall identify specifically the issues of fact or law that are disputed. A person who so requests will be notified of any hearing, if ordered, and will receive a copy of any notice or order issued in this matter. After said date, the declaration, as amended by the post-effective amendment or as it may be further amended, may be permitted to become effective.

For the Commission, by the Division of Corporate Regulation, pursuant to delegated authority.

George A. Fitzsimmons,

Secretary.

[FR Doc. 82-16621 Filed 6-17-82; 8:45 am]

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PUBLIC UTILITY HOLDING COMPANY ACT OF 1935
Release No. 22535 / June 14, 1982

In the Matter of	:
NATIONAL FUEL GAS COMPANY New York, New York	: :
Seneca Resources Corporation Buffalo, New York	: :
(70-6589)	:

ORDER AUTHORIZING ISSUANCE AND SALE OF SHORT-TERM, SECURED NOTE TO BANK BY SUBSIDIARY AND GUARANTY BY HOLDING COMPANY

National Fuel Gas Company ("National"), a registered holding company and Seneca Resources Corporation ("Seneca"), a wholly-owned subsidiary, have filed with this Commission post-effective amendments to their application-declaration previously filed and amended pursuant to Sections 6(a), 7 and 12(b) of the Public Utility Holding Company Act of 1935 ("Act") and Rules 45 and 50(a)(2) thereunder.

By Commission order dated June 10, 1981 (HCAR No. 22084), Seneca was authorized to enter into a loan agreement pursuant to which Seneca has the right to borrow up to $25,000,000 at any one time outstanding through June 14, 1982. The note is secured by a portion of Seneca's hardwood timber acreage in Pennsylvania and certain of its oil and gas properties. Payment of principal and interest is unconditionally guaranteed by National.

By post-effective amendment, it is proposed that Seneca borrow a principal amount of up to $25,000,000 under a new secured short-term note ("Note") to be issued to Citibank and payable on or before March 1, 1983. The Note will be dated as of the date of issue and will be prepayable at any time, in whole or in part, without penalty or premium. Because the amount of unsecured debt that National and its subsidiaries may have outstanding at any one time is limited to 20% of National's consolidated capitalization, any borrowings by Seneca under the Citibank credit facility will be secured so that the borrowing capacity of National and its subsidiaries will not be impaired. The Note will be secured by first mortgages in favor of Citibank and RepublicBank, a prior lender, covering a portion of Seneca's hardwood timber acreage in Pennsylvania and certain of Seneca's oil and gas properties.

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The New Note will bear interest at the base rate of interest at Citibank (16.50 at April 27, 1982) as it fluctuates from time to time, or, at Seneca's option, at such rates below Citibank's base rate for fixed periods ranging from two weeks up to ninety (90) days ("Alternate Rate"). Recently this Alternate Rate has ranged from 15.15% to 15.75% for fixed periods of two weeks while the base rate remained at 16.50%. Seneca has taken advantage of the Alternate Rate option to reduce its cost of borrowing.

When borrowings are made at the base rate, there are no other commitment fees, commissions, or compensating balances that are required under the credit facility. With respect to the Alternate Rate option, Citibank will calculate its Alternate Rate on the basis of current money market rates. Citibank will charge a management fee equal to one half of one percent (50 basis points) during all periods when borrowings are outstanding at the Alternate Rate. The management fee will raise the effective cost of borrowing to 50 basis points above the quoted Alternate Rate. If the Alternate Rate (adjusted for the management fee) is determined to be greater than Citibank's base rate at the time Seneca must borrow, Seneca will borrow at the base rate.

Interest on the New Note will be payable as follows: 1) for borrowings at the base rate, interest is payable upon the earlier of: (a) the end of each calendar quarter; (b) prepayment, or (c) selection of the Alternate Rate Option; 2) for borrowings at the Alternate Rate, interest is payable at the end of each option period chosen; and 3) any management fee accrued is payable at the end of each calendar quarter.

The fees and expenses to be incurred in connection with the proposed transaction are estimated to be $4,250 including legal fees of $3,250. No state or federal commission other than this Commission has jurisdiction over the proposed transaction.

Due notice of the filing of said post-effective amendment to the application-declaration has been given in the manner prescribed in Rule 23 promulgated under the Act (HCAR No. 22505), and no hearing has been requested of or ordered by the Commission. Upon the basis of the facts in the record, it is hereby found that the applicable standards of the Act and the rules thereunder are satisfied:

IT IS ORDERED, pursuant to the applicable provisions of the Act and rules thereunder, that said application-declaration, as amended by said post-effective amendments, be, and it hereby is, granted and permitted to become effective forthwith, subject to the terms and conditions prescribed in Rule 24 promulgated under the Act.

For the Commission, by the Division of Corporate Regulation, pursuant to delegated authority.

Goerge A. Fitzsimmons
Secretary

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PUBLIC UTILITY HOLDING COMPANY ACT OF 1935
Release No. 22536 / June 10, 1982

SEE

SECURITIES ACT OF 1933
Release No. 6409 / June 10, 1982

PUBLIC UTILITY HOLDING COMPANY OF 1935
Release No. 22537 / June 15, 1982

In the Matter of	:
KENTUCKY POWER COMPANY Ashland, Kentucky	:
	:
INDIANA & MICHIGAN ELECTRIC COMPANY Fort Wayne, Indiana	:
(70-6735)	

ORDER AUTHORIZING SALE OF ELECTRIC POWER DISTRIBUTION EQUIPMENT TO NONASSOCIATE INDUSTRIAL CUSTOMERS

Kentucky Power Company ("KPCo") and Indiana & Michigan Electric Company ("I&MECo"), electric utility subsidiaries of American Electric Power Company, Inc. ("AEP"), a registered holding company, have filed a declaration with this Commission pursuant to Section 12(d) of the Public Utility Holding Company Act of 1935 ("Act") and Rule 44 promulgated thereunder.

I&MECo proposes to sell to the Dana Corporation, a metal fabricator based in Fort Wayne, Indiana, its Salisbury Station, which consists of two 34.5 KV transformers and related equipment located on land now owned by Dana Corporation, for a total price of $320,521.00, which includes taxes and other expenses expected to be incurred by I&MECo in the sale. I&MECo also proposes to sell to General Electric Company, an electrical motor manufacturer in Fort Wayne, Indiana, its Taylor Street Station equipment, which consists of a 34.5 KV transformer and related equipment located on land now owned by General Electric Company, for a total price of $614,609.00, which includes taxes and expenses expected to be incurred by I&MECo in the sale. Each proposed sale of equipment is priced at the reproduction cost, less observed depreciation, for the equipment. The facilities involved in each proposed sale are installed at the purchasers' respective plant sites; are not now employed by I&MECo for providing service to any other customers other than the proposed purchasers; and are not adaptable, at those locations, for use in serving any customers other than the purchasers.

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KPCo proposes to sell to Armco, Inc., a steel producer in Ashland, Kentucky, all of the transformation equipment and related facilities at KPCo's Bellefonte 34.5 KV switchyard, together with the switchyard site, consisting of approximately 2.3 acres of land with a two-story brick building thereon, for a total consideration of $1,008,608.50, which has been calculated on the basis of the present-day reproduction cost of the equipment, less observed depreciation, and the appraised value of the real estate and the structure thereon, and including taxes and other costs of the sale expected to be incurred by KPCo. This switching station, located adjacent to the Armco plant, is not used by KPCo, nor adaptable by KPCo at that site for use by KPCo, for any purpose other than for the purpose of continuing service to Armco.

The declaration states that the proposed sales will permit said industrial customers to realize a savings in the cost of retail electric service since they will be able to convert from service at a secondary voltage (i.e., current at a transformed voltage) to current at a primary voltage (i.e., current at a transmission or subtransmission voltage, typically 34.5 KV and above). The operating companies will benefit from such sales by recovering their investment in the transformation equipment and, more importantly, by shifting the costs of maintaining and servicing that equipment to the new owners.

No state or federal commission, other than this Commission, has jurisdiction over the proposed transactions.

Due notice of the filing of said declaration has been given in the manner prescribed in Rule 23 promulgated under the Act (HCAR No. 22493), and no hearing has been requested of or ordered by the Commission. Upon the basis of the facts in the record, it is hereby found that the applicable standards of the Act and the rules thereunder are satisfied:

IT IS ORDERED, pursuant to the applicable provisions of the Act and rules thereunder, that said declaration be, and it hereby is, permitted to become effective forthwith, subject to the terms and conditions prescribed in Rule 24 promulgated under the Act.

For the Commission, by the Division of Corporate Regulation, pursuant to delegted authority.

George A. Fitzsimmons
Secretary

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PUBLIC UTILITY HOLDING COMPANY ACT OF 1935
Release No. 22538 / June 15, 1982

In the Matter of	:
CONSOLIDATED NATURAL GAS COMPANY New York, New York	: :
CNG COAL COMPANY CNG PRODUCING COMPANY CNG RESEARCH COMPANY CONSOLIDATED GAS SUPPLY CORPORATION CONSOLIDATED NATURAL GAS SERVICE COMPANY, INC. CONSOLIDATED SYSTEM LNG COMPANY THE EAST OHIO GAS COMPANY THE PEOPLES NATURAL GAS COMPANY THE RIVER GAS COMPANY WEST OHIO GAS COMPANY	: : : : :
(70-6738)	

ORDER AUTHORIZING ISSUANCE AND SALE OF NOTES TO BANKS AND COMMERCIAL PAPER TO DEALER BY HOLDING COMPANY; INTRASYSTEM FINANCING; ISSUANCE AND SALE OF SUBSIDIARY COMMON STOCK TO HOLDING COMPANY; EXCEPTION FROM COMPETITIVE BIDDING

Consolidated Natural Gas Company ("Consolidated"), a registered holding company, and certain of its subsidiaries, CNG Coal Company ("Coal Company"), CNG Producing Company ("Producing Company"), CNG Research Company ("Research Company"), Consolidated Gas Supply Corporation ("Gas Supply"), Consolidated Natural Gas Service Company, Inc. ("Service"), Consolidated System LNG Company ("LNG Company"), The East Ohio Gas Company ("East Ohio"), The Peoples Natural Gas Company ("Peoples"), The River Gas Company ("River") and West Ohio Gas Company ("West Ohio") have filed an application-declaration with this Commission pursuant to Sections 6(a), 6(b), 7, 9(a), 10, 12(b) and 12(f) of the Public Utility Holding Company Act of 1935 ("Act") and Rules 43, 45, 50(a)(2), 50(a)(5) and 70 thereunder.

Consolidated proposes to obtain funds for financing the seasonal increase in gas storage inventories of subsidiary companies by issuing up to $150,000,000 of notes to banks from time to time through March 31, 1983. Such notes would mature within 12 months from the date of the first borrowing. There would be no commitment fees, required compensating balances, or closing or related charges. Such notes would bear variable interest at either the prime rate in effect from time to time at the Chase Manhattan Bank, N.A. ("Chase Manhattan") and/or at Consolidated's option, at an increment of three-eighths of one percent (.375%) over the London Interbank Offered Rate ("LIBOR),

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as quoted by the London office of Chase Manhattan and as adjusted for Federal Reserve requirements. Borrowing at prime may be prepaid, in whole or in part, without penalty or premium, upon five days written notice. Borrowings at LIBOR may only be repaid at the end of the LIBOR period. The average of deposits regularly maintained in participating banks by Consolidated and its subsidiaries for normal operating purposes during 1980 amounted to approximately $25,600,000. Assuming compensating balance requirements of 10% of the lines and 10% of average borrowings, the average compensating balances would have amounted to approximately $27,100,000 for 1980. The borrowings are made from time to time as required to finance the subsidiaries' gas storage inventories and will be repaid as gas is withdrawn from storage and sold during the 1982-1983 heating season.

Consolidated, in order to meet working capital requirements proposes to issue and sell commercial paper, in the form of short-term bearer notes, to A.G. Becker Incorporated ("Becker"), a dealer in commercial paper, from time to time through May 31, 1983. The aggregate principal amount of such notes, together with the bank notes as described below, would not exceed $125,000,000 outstanding at any one time. Such commercial paper will have varying maturities of not more than 270 days after date of issue and will be issued and sold in varying denominations of not less than $50,000 and not more than $5,000,000 directly to Becker, at a discount which will not be in excess of the discount rate per annum prevailing at the date of issuance for commercial paper of comparable quality and like maturity. The commercial paper will not be payable prior to maturity. Consolidated proposes to sell commercial paper only so long as the discount rate or the effective interest cost on the date of sale does not exceed the equivalent cost of borrowings from a commercial bank. No commission or fee will be payable in connection with the issue and sale of such commercial paper notes. Becker, as principal, will reoffer such notes at a discount not to exceed one-tenth of one percent per annum less than the prevailing discount rate to Consolidated. Such notes will be reoffered to not more than 200 identified and designated customers in a nonpublic list prepared in advance by Becker and furnished to the Commission. It is anticipated that the commercial paper will be held by customers to maturity; however, if any commercial paper is repurchased by Becker pursuant to a verbal repurchase agreement, such paper will be reoffered only to others in the group of 200 customers.

If the issuance of commercial paper becomes impractical because of market conditions or other factors, Consolidated proposes to issue short-term notes to Chase Manhattan and Citibank, N.A. Consolidated would borrow up to an aggregate principal amount of up to $50,000,000 outstanding at any one time from Chase Manhattan from time to time through May 31, 1983. Such borrowings would be at the bank's prime interest rate on the borrowing date. Consolidated would also borrow an aggregate principal amount of up to $50,000,000 outstanding at any

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one time from Citibank, N.A., from time to time through May 31, 1983. Such unsecured borrowings from Citibank would be charged a commitment fee of one eighth of one percent (0.125%) on the principal amount at Citibank's base rate of interest, the prime rate, on each borrowing date. Borrowings from both banks would be evidenced by notes of Consolidated maturing within 90 days of each borrowing date. The notes may be prepaid, in whole or in part, at any time without prior notice or premium. There will be no closing or related charges with respect to such bank loans. Assuming a 16-1/2% prime rate and assuming that the full line is borrowed the effective interest cost of borrowings from Chase Manhattan would be 16-1/2% and the effective interest cost of borrowings from Citibank with a commitment fee of .125% on the principal would be 16.625%. The additional bank line of up to $25,000,000 required to support the issuance of $125,000,000 of commercial paper notes will be supported by existing bank lines. Should these lines be used and commercial paper outstanding exceeds $100,000,000 an additional line of credit would be obtained and an amendment would be filed to this application-declaration.

Consolidated seeks to have the 5% limitation in condition (3) of the first sentance of the Section 6(b) exemption from the provisions of Section 6(a) of the Act raised to 15% from the order date in this matter through May 31, 1983. Such an increase would permit Consolidated to have outstanding at any one time up to $120,000,000 aggregate principal amount short-term, unsecured bank notes and commercial paper.

Consolidated proposes to make, from time to time up to May 31, 1983, open account advances aggregating up to $343,000,000 to its subsidiary companies for inventory gas financing and working capital. Such advances would be made as requested by each subsidiary and will be repaid within a year of the first advance to such subsidiary company. Interest would be at substantially the same effective rate of interest as the related gas storage bank loan, sale of commercial paper, and/or bank borrowing by Consolidated. If there is no outstanding short-term debt, the interest rate would be at the prime commercial rate of interest in effect from time to time at Chase Manhattan. Such advances will be made up to the following principal amounts:

CNG Producing Company	$ 50,000,000
Consolidated Gas Supply Corporation	125,000,000
Consolidated Natural Gas Service Company	1,500,000
The East Ohio Gas Company	100,000,000
The Peoples Natural Gas Company	60,000,000
The River Gas Company	1,500,000
West Ohio Gas Company	5,000,000
Total	$ 343,000,000

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Consolidated proposes to make long-term, non-negotiable loans, aggregating $123,700,000 to the subsidiary companies set forth below. Prior to the completion of Consolidated's long-term financing, such loans would be in the form of interim construction advances, payable on or before May 31, 1983, with interest at the prime commercial rate of interest in effect from time to time at Chase Manhattan. Following the sale of debentures by Consolidated, which are the subject of a pending application with this Commission (File No. 70-6594), the interim construction advances to subsidiary companies to the extent made by that time, will be converted into long-term notes maturing in the years coinciding with scheduled retirements of the new debentures or over a period of time to be determined by the officers of Consolidated, with interest predicated on and substantially equal to the effective cost of money to Consolidated through such sale. Loans thereafter, for this purpose, will be in the form of long-term notes. In total, the subsidiary companies propose to issue to Consolidated and Consolidated proposes to acquire $123,700,000 principal amount of long-term notes. Such loans would partially finance the subsidiaries' 1981 capital expenditures and would be made up to the following principal amounts:

Company	
CNG Producing Company	$ 38,000,000
Consolidated Gas Supply Corporation	20,000,000
Consolidated Natural Gas Service Company, Inc.	2,700,000
East Ohio Gas Company	45,000,000
The Peoples Natural Gas Company	15,000,000
The River Gas Company	1,000,000
West Ohio Gas Company	2,000,000
Total	$123,700,000

Consolidated proposes to make revolving credit advances, aggregating $100,000,000 to subsidiary companies set forth below for the purpose of partially financing their capital expenditures. Such advances may be made, repaid and remade through May 31, 1983 as requested by the Treasurer of each subsidiary company, upon letter agreement by each subsidiary company in accordance with Consolidated's Credit Agreement, with interest at substantially the same effective rate of interest as paid by Consolidated under the Credit Agreement. Should Consolidated have no outstanding amount under its Credit Agreement, the interest rate would be the prime commercial rate of interest in effect from time to time at Chase Manhattan. When Consolidated borrows under its

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Credit Agreement, the effective interest rate obtained by Consolidated under its Credit Agreement would be applied to such advances outstanding. Such advances will be made up to the following principal amounts.

Company	Amount
CNG Producing Company	$ 40,000,000
Consolidated Gas Supply Corporation	30,000,000
The East Ohio Gas Company	25,000,000
The Peoples Natural Gas Company	5,000,000
Total	$100,000,000

Consolidated proposes to purchase from the four subsidiaries listed below, and such subsidiaries propose to issue and sell to Consolidated, an aggregate of $73,500,000 of capital stock at par value. The sales would be made as needed by the subsidiaries from time to time through May 31, 1983. Consolidated would make such purchases primarily from internal funds. The amounts and number of shares per subsidiary would be as follows:

Subsidiary	Number of Shares	Aggregate Par Value
CNG Coal Company	25,000 ($100 par)	$ 2,500,000
CNG Producing Company	450,000 ($100 par)	45,000,000
CNG Research Company	10,000 ($100 par)	1,000,000
Consolidated Gas Supply Corporation	250,000 ($100 par)	25,000,000
		$ 73,500,000

The authorized capital stock of CNG Producing Company and CNG Research Company is not sufficient to cover the additional shares they propose to issue. In order to accommodate the proposed transactions and to provide for future issues, Producing Company and Research Company propose to amend their certificates of incorporation to increase their authorized shares from 2,000,000 to 3,000,000 and from 140,000 to 150,000 respectively.

At the time of this filing Consolidated System LNG Company has no financing requirements. In the event that financing does become necessary, an amendment will be filed to this application-declaration.

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Consolidated requests an exception from the competitive bidding requirements of Rule 50(b) pursuant to Paragraph (a)(5) with respect to the sale of commercial paper because such commercial paper will have maturities of nine months or less, current rates for commercial paper for prime borrowers, such as Consolidated, are published daily in financial publications and it is not practical to invite competitive bids for commercial paper. Consolidated also proposes that the Rule 24 certificates of notification regarding the proposed transactions be filed on a quarterly basis.

The fees and expenses expected to be incurred in connection with the proposed transactions are estimated at $10,500. The Public Service Commission of West Virginia has jurisdiction over the short-term and long-term borrowings and stock issuances proposed by Supply Corporation. The Public Utilities Commission of Ohio has jurisdiction over the long-term borrowings proposed by East Ohio, River and West Ohio. The Pennsylvania Public Utility Commission has jurisdiction over the long-term borrowings of Peoples. No other state commission and no federal commission other than this Commission has jurisdiction over any of the proposed transactions.

Due notice of the filing of said application-declaration has been given in the manner prescribed in Rule 23 promulgated under the Act (HCAR No. 22510), and no hearing has been requested of or ordered by the Commission. Upon the basis of the facts in the record, it is hereby found that the applicable standards of the Act and the rules thereunder are satisfied:

IT IS ORDERED, pursuant to the applicable provisions of the Act and rules thereunder, that said application-declaration, as amended, be, and it hereby is granted and permitted to become effective forthwith, subject to the conditions of Rule 24, including the conditions set forth in Rule 24(c)(2), except that the certificates required by Rule 24 shall be filed quarterly.

For the Commission, by the Division of Corporate Regulation, pursuant to delegated authority.

George A. Fitzsimmons
Secretary

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PUBLIC UTILITY HOLDING COMPANY ACT OF 1935
Release No. 22539 / June 15, 1982

In the Matter of	:
AMERICAN ELECTRIC POWER COMPANY, INC. Columbus, Ohio	:
(70-5943)	:

ORDER AUTHORIZING ISSUANCE AND SALE OF COMMON STOCK PURSUANT TO DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN

American Electric Power Company, Inc. ("AEP"), a registered holding company, has filed with this Commission a post-effective amendment to its declaration in this proceeding pursuant to Sections 6(a) and 7 of the Public Utility Holding Company Act of 1935 ("Act") and Rule 50(a)(5) promulgated thereunder.

By orders dated February 8, 1977, April 19, 1978, March 29, 1979, August 8, 1979, May 1, 1980, and June 30, 1981 (HCAR Nos. 19879, 20506, 20979, 21180, 21544, and 22113), AEP was authorized to issue and sell, from time to time through June 30, 1982, up to 19,000,000 shares of its authorized but unissued common stock, $6.50 par value, pursuant to its Dividend Reinvestment and Stock Purchase Plan ("Plan"). Through April 10, 1982, a total of 14,842,978 shares had been issued and sold, leaving a balance of 4,157,022 shares available for issuance and sale.

AEP now proposes to issue and sell, from time to time through June 30, 1983, up to an additional 6,000,000 shares of its authorized unissued common stock, plus the unsold balance of the shares of common stock heretofore authorized by the Commission for issuance, pursuant to the Plan. The price of shares purchased with reinvested cash dividends is 95% of the average of the daily high and low sales prices of AEP's common stock on the New York Stock Exchange for the five trading days ending on the day of purchase.

No state or federal commission, other than this Commission, has jurisdiction over the proposed transaction. The fees and expenses to be incurred in connection with the transaction are estimated at $86,000.

Due notice of the filing of said post-effective amendment has been given in the manner prescribed in Rule 23 promulgated under the Act (HCAR No. 22507), and no hearing has been requested of or ordered by the Commission. Upon the basis of the facts in the record, it is hereby found that the applicable standards of the Act and the rules thereunder are satisfied:

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IT IS ORDERED, pursuant to the applicable provisions of the Act and rules thereunder, that said declaration, as now amended, be, and it hereby is, permitted to become effective forthwith, subject to the terms and conditions prescribed in Rule 24 promulgated under the Act.

For the Commission, by the Division of Corporate Regulation, pursuant to delegated authority.

George A. Fitzsimmons
Secretary

Trust Indenture Act of 1939

Release No. 723A / June 11, 1982

The Securities and Exchange Commission has issued a corrected order under the Trust Indenture Act ("Act") on application of Pacific Gas and Electric Company, exempting its First and Refunding Mortgage Bonds, Series 82A, due June 1, 1992 rather than June 1, 2015, from the provisions, Subsections 316(a)(1), 316(b) and 317(a)(2) of the Act.

TRUST INDENTURE ACT OF 1939
Release No. 733 / June 10, 1982

SEE

SECURITIES ACT OF 1933
Release No. 6409 / June 10, 1982

TRUST INDENTURE ACT OF 1939
Release No. 734 / June 16, 1982

In the Matter Of
HUGHES TOOL COMPANY

The Securities and Exchange Commission has issued an order under the Trust Indenture Act on application of Hughes Tool Company that the Trusteeship of Texas Commerce Bank National Association ("Texas Commerce") under various specified indentures is not so likely to involve a material conflict of interest as to make it necessary to disqualify Texas Commerce from acting as Trustee.

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INVESTMENT COMPANY ACT OF 1940
Release No. 12480 / June 11, 1982

In the Matter of	:
	:
IDS GOVERNMENT SECURITIES MONEY FUND, INC.	:
1000 Roanoke Building	:
Minneapolis, Minnesota 55402	:
	:
(812-5076)	:
	:

ORDER PURSUANT TO SECTION 6(c) OF THE ACT GRANTING EXEMPTION FROM THE PROVISIONS OF SECTION 2(a)(41) OF THE ACT AND RULES 2a-4 AND 22c-1 THEREUNDER

IDS Government Securities Money Fund Inc. ("Applicant"), registered under the Investment Company Act of 1940 ("Act") as a no-load, open-end, diversified, management investment company, filed an application on January 8, 1982, requesting an order of the Commission, pursuant to Section 6(c) of the Act, exempting Applicant from the provisions of Section 2(a)(41) of the Act and Rules 2a-4 and 22c-1 thereunder to the extent necessary to permit Applicant to value its portfolio securities on an amortized cost basis.

On May 4, 1982, a notice (Investment Company Act Release No. 12416) was issued of the filing of the application. The notice gave interested persons an opportunity to request a hearing and stated that an order disposing of the application would be issued as of course unless a hearing should be ordered. No request for a hearing has been filed, and the Commission has not ordered a hearing.

The matter having been considered, it is found that the granting of the requested exemption is appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policies and provisions of the Act. Accordingly,

IT IS ORDERED, pursuant to Section 6(c) of the Act, that the application for exemption from the provisions of Section 2(a)(41) of the Act and Rules 2a-4 and 22c-1 thereunder, to the extent requested be, and hereby is, granted, effective forthwith, subject to those conditions to which Applicant has consented and which are set forth in Investment Company Act Release No. 12416.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

George A. Fitzsimmons
Secretary

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INVESTMENT COMPANY OF 1940
Release No. 12481 /June 11, 1982

In the Matter of

MASSMUTUAL LIQUID ASSETS TRUST

and

MML INVESTORS SERVICES, INC.
1295 State Street
Springfield, Massachusetts 01111

(812-5158)

ORDER PURSUANT TO SECTION 6(c) OF THE ACT EXEMPTING APPLICANTS FROM THE PROVISIONS OF SECTION 2(a)(41) OF THE ACT AND RULES 2a-4 AND 22c-1 UNDER THE ACT

MassMutual Liquid Assets Trust (the "Trust"), a no-load, open-end, diversified, management investment company, registered under the Investment Company Act of 1940 ("Act"), and MML Investors Services, Inc. (the "Distributor")(collectively, the "Applicants"), the proposed principal underwriter of the Trust's shares and a wholly-owned subsidiary of Massachusetts Life Insurance Company, filed an application on April 6, 1982, and an amendment thereto on April 21, 1982, for an order of the Commission pursuant to Section 6(c) of the Act exempting Applicants from the provisions of Section 2(a)(41) of the Act and Rules 2a-4 and 22c-1 under the Act to the extent necessary to permit the Trust to calculate its net asset value per share using the amortized cost method of valuing portfolio securities.

On May 12, 1982, a notice (Investment Company Act Release No. 12431) was issued of the filing of the application. The notice gave interested persons an opportunity to request a hearing and stated that an order disposing of the application would be issued as of course unless a hearing should be ordered. No request for a hearing has been filed and the Commission has not ordered a hearing.

The matter having been considered, it is found that granting of the requested exemptions is appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act. Accordingly,

IT IS ORDERED, pursuant to Section 6(c) of the Act that the application for exemption from the provisions of Section 2(a)(41) of the Act, to the extent requested, be and hereby is granted, effective forthwith, subject to those conditions to which Applicants have consented and which are set forth in Investment Company Act Release No. 12431.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

George A. Fitzsimmons
Secretary

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[Release No. 12482; 812-5127]

Sentinel Group Funds, etc.; Filing of Application

June 11, 1982.

In the matter of Sentinel Group Funds, Inc., One Exchange Place, Jersey City, NJ 07302 and Sentinel Advisors, Inc., Equity Services, Inc., National Life Drive, Montpelier, VT 05602, (812–5127).

Notice is further given that Sentinel Group Funds, Inc. ("Fund"), registered under the Investment Company Act of 1940 ("Act"), as an open-end, diversified, management investment company, and its distributors, Sentinel Advisors, Inc. ("Advisor") and Equity Services, Inc. ("Equity," collectively with the Fund and Advisor, "Applicants"), filed an application on March 8, 1982, and an amendment thereto on May 20, 1982, for an order, pursuant to Section 6(c) of the Act, exempting Applicants from the provisions of Section 22(d) of the Act and Rule 22d–1 thereunder to the extent necessary to permit sales of shares of the Fund at net asset value to the non-employee directors and existing and retired agents and employees of National Life Insurance Company and its subsidiaries (including sales to their spouses and minor children) who are participants in a non-tax qualified employee benefit plan. All interested persons are referred to the application on file with the Commission for a statement of the representations contained therein, which are summarized below.

According to the application, the Fund is a series fund which is engaged in the continuous public offering of each of its four existing classes of stock through Advisor and Equity, as underwriters, at public offering prices equal to net asset value plus a sales charge. Applicants further represent that the sales charge, which is borne by the purchaser, varies from 8.5% of the Fund's offering price for purchases of less than $12,500, to 1% of purchase in excess of $1,000,000. Applicant states that dividends and distributions of capital gains, at the shareholder's election, can be reinvested in the Fund's shares at net asset value without the imposition of a sales charge. The minimum initial purchase is $250 for all classes of the Fund except the Sentinel Bond Fund class, which is $2,500. Applicants further state that the minimum subsequent investment for all classes is $25.00.

As stated in the application, Advisor and Equity are both wholly-owned subsidiaries of National Life Investment Management Company, Inc., which in turn is a wholly-owned subsidiary of National Life Insurance Company, a mutual life insurance company incorporated under the laws of Vermont. Other subsidiaries of National Life Insurance Company, all stock life insurance companies formed in Vermont in December 1981, are: Vermont Life Insurance Company, National Pension Life Insurance Company, and Champlain Life Insurance Company. National Life Insurance Company, which was founded in 1850, is licensed to do business in all 50 states and the District of Columbia with $11,296,384,000 of life insurance in force at December 31, 1981, and $2,567,085,470 of assets at the same date. (The above companies and subsidiaries thereof which now exist or may be formed subsequent to the date of this application are hereinafter referred to as the "National Life Companies.") Applicants represent that as of December 31, 1981, the personnel (including persons who have retired) of the National Life Companies (hereinafter referred to as "National Life Affiliated Personnel") total approximately 2,680, including approximately 934 home office employees, 70 general agents, 947 agents, 351 agency office employees, 14 non-employee directors, 231 retired home office employees, 10 retired general agents, 31 retired agents and 91 retired agency office employees.

Applicants propose to permit National Life Affiliated Personnel to participate in a plan (the "Plan") which would permit National Life Affiliated Personnel, including trustees, custodians and other fiduciaries acting on their behalf, to invest in and purchase shares of the Fund at net asset value without the payment of a sales charge and in addition to permit spouses or minor children of National Life Affiliated Personnel to invest in and purchase shares at net asset value so long as the purchase order is directed by a member of the National Life Affiliated Personnel. Applicants represent that each such purchase would have to meet the Fund's minimum initial purchase and any add-on investment requirements and would be made (1) by direct purchase at any time sent from the participant to the distributors, (2) by regular payroll deduction (except for non-employee directors, retirees, spouses, minor children, custodians or fiduciaries) in the amount of $25 or more for each investment and (3) by automatic periodic bank checking account withdrawal plans in the amount of $25 or more for cash investments. Applicants state that a single check representing all payroll deduction investments will be submitted to the Fund within one or two days after the date of distribution of which the payroll checks from which the deductions are to be made.

According to the application, no individual or in-person group sales solicitation or presentations concerning the Plan will be made. Applicants state that there will be no additional selling effort or literature developed in connection with the Plan; only existing sales brochures will be used. Certificates for shares acquired through participation in the Plan will not be issued and dividends and capital gains distributions with respect to such shares will automatically be invested at net asset value. Applicants represent that all National Life Affiliated Personnel will receive, at least annually, notice from their employers concerning the Plant at the expense of their employers. The notice will describe the Fund and the investment objectives of each of its classes, indicate that investments in any of the classes of the Fund can be made at net asset value and detail the method by which investments can be made. Applicants state that the notice will also indicate that addition information

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concerning the Plan and Fund can be obtained from the National Life Companies and will inform the National Life Affiliated Personnel of the availability of prospectuses and application forms from the National Life Companies. In addition, Applicants state that each Plan participant will be furnished a copy of the Fund's prospectus at least annually, which will contain appropriate disclosure concerning the Plan.

Applicants represent that all expenses of administering the Plan, such as those associated with notification of eligible National Life Affiliated Personnel of the existence of the Plan, preparation, review and approval of account applications, and administration of the payroll deduction investments, will be borne by the National Life Companies and not by the Fund.

Section 22(d) of the Act provides, in pertinent part, that no registered investment company shall sell any redeemable security issued by it to any person except either to or through a principal underwriter for distribution or at a current public offering price described in the prospectus, and, if such class or security is being currently offered to the public by or through an underwriter, no principal underwriter of such security and no dealer shall sell any such security to any person except a dealer, a principal underwriter, or the issuer, except at a current public offering price described in the prospectus. Rule 22d–1 permits reductions in, or eliminations of, the sales load charged upon the sale of shares under certain circumstances.

Applicants submit that the sale of the Fund's shares to National Life Affiliated Personnel at net asset value under the Plan may conflict with the provisions of Section 22(d) of the Act and Rule 22d–1 thereunder. While Rule 22–d(1) permits sales without any sales charge to certain employees of affiliated persons of the Fund, the Applicants assert that this would not be available to National Life Affiliated Personnel except for employees of Advisor or Equity. Applicants further assert that an argument may also be made that purchases of the Fund's shares at net asset value by National Life Affiliated Personnel under the Plan are permitted by Rule 22d–1(f), which permits elimination of sales charges upon the sale pursuant to a "uniform offer" described in the prospectus and made to, *inter alia*, employee benefit plans not qualified under Section 401 of the Internal Revenue Code, provided such non-qualified plans satisfy uniform criteria relating to the realization of economies of scale in sales effort and sales-related expenses. While the Applicants believe that the net asset value sales to the National Life Affiliated Personnel covered by the Plan would meet the "uniform offer" requirements of Rule 22d–1(f) since all such personnel would be eligible to join the Plan, they are not absolutely certain. In addition, there is also uncertainty concerning whether all National Life Affiliated Personnel, and in particular the retirees and non-employee directors, would be deemed to be "employees" under Rule 22d–1(f). Accordingly, to clarify these uncertainties, Applicants week an exemption from Section 22(d) of the Act and Rule 22d–1 thereunder, pursuant to Section 6(c) of the Act.

Section 6(c) of the Act provides, in pertinent part, that the Commission, by order upon application, may conditionally or unconditionally exempt any person, security or transaction, or any class or classes of persons, securities, or transactions, from any provision of the Act or any rule thereunder, if and to the extent that such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

Applicants assert that investment by or on behalf of National Life Affiliated Personnel in shares of the Fund at net asset value under the Plan should result in demonstrable economies in sales effort and sales related expense as compared with other sales and would not be unjustly discriminatory, and that the grant of the exemption requested by the application is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes of Section 22(d) of the Act. Applicants further assert that the affiliation of the Fund's distributors with the other National Life Companies is the basis for a unique relationship of the National Life Insurance Company to the Fund which can be expected to result in economies of sales effort and sales related expenses that justify elimination of all sales charges on the Fund's shares purchased by National Life Affiliated Personnel in the Plan without discrimination against other employee benefit plans or other purchasers of the Fund's shares. Applicants further represent that sales of the Fund's shares to such persons serve legitimate corporate purposes by promoting incentive, goodwill and loyalty. In addition, Applicants state that under the Plan there would be no adverse effects on the interests of investors and such sales would not involve any of the abuses against which Section 22(d) is directed. Applicants also state that the Fund's prospectus will reflect this special limitation on imposition of the normal sales charge.

Applicants further submit that sales of the Fund's shares to retired personnel and non-employee directors of the National Life Companies as well as to the spouses and minor children of all National Life Affiliated Personnel will result in the same economies of sales effort and sales related expenses as result from sales to the other National Life Affiliated Personnel.

Notice is further given that any interested person may, not later than July 6, 1982, at 5:30 p.m., submit to the Commission in writing a request for a hearing on the application accompanied by a statement as to the nature of his interest, the reasons for such request, and the issues, if any, of fact or law proposed to be controverted, or he may request that he be notified if the Commission shall order a hearing thereon. Any such communication should be addressed: Secretary, Securities and Exchange Commission, Washington, D.C. 20549. A copy of such request shall be served personally or by mail upon Applicants at the addresses stated above. Proof of such service (by affidavit or, in the case of an attorney-at-law, by certificate) shall be filed contemporaneously with the request. As provided by Rule 0–5 of the Rules and Regulations promulgated under the Act, an order disposing of the application herein will be issued as of course following said date unless the Commission thereafter orders a hearing upon request or upon the Commission's own motion. Persons who request a hearing, or advice as to whether a hearing is ordered, will receive any notices and orders issued in this matter, including the date of the hearing (if ordered) and any postponements thereof.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Shirley E. Hollis,

Assistant Secretary.

[FR Doc. 82-16576 Filed 6-17-82; 8:45 am]

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[Release No. 12483; 812-5162]

Wingate Housing Partners, Ltd., and Continental Wingate Co., Inc.; Filing of Application

June 11, 1982.

In the matter of Wingate Housing Partners, Ltd., and Continental Wingate Company, Inc., Suite 2020, One Boston Place, Boston, Massachusetts 02108 (812-5162).

Notice is hereby given that Wingate Housing Partners, Ltd. (the "Partnership"), a California limited partnership, and its general partner, Continental Wingate Company, Inc. ("General Partner" and, together with the Partnership, referred to herein as "Applicants"), filed an application on April 13, 1982, and amendments thereto on May 27, 1982, and June 7, 1982, for an order of the Commission, pursuant to Section 6(c) of the Investment Company Act of 1940 ("Act"), exempting the Partnership from all provisions of the Act. All interested persons are referred to the application on file with the Commission for a statement of the representatations contained therein, which are summarized below.

Applicants state that the Partnership was formed under the Uniform Limited Partnership Act of the State of California, on April 7, 1982, for the purpose of investing in government-assisted rental housing for low and moderate income persons in accordance with the express determination made by Congress in Title IX of the Housing and Urban Development Act of 1968 ("Title IX"). Applicants represent that the Partnership will operate as a "two-tier" partnership, i.e., the Partnership, a limited partnership, will invest in other limited partnerships ("Local Limited Partnerships"), which, in turn, will be engaged in the development, rehabilitation, ownership and operation of housing for low and moderate income persons ("Housing Developments"). The application states that the Housing Developments will be rehabilitated, financed and/or operated with assistance from federal, state and/or local governments or agencies and will be classified as "Certified Historic Structures" and/or "Low Income Housing" under the Internal Revenue Code of 1954, as amended ("Code"). Applicants represent that the Partnership is organized as a limited partnership because a limited partnership is the only form of organization which provides investors with both (1) the ability to claim on their individual tax return the deductions, losses, credits and other tax items arising from the rehabilitation and operation of the Housing Developments, and (2) liability limited to their capital investment.

The application states that on April 8, 1982, the partnership filed a registration statement on Form S-11 (File No. 2-76932), covering the sale of a minimum of 5,750 and a maximum of 15,000 Interests (not including 1,500 Interests subject to an open-allotment option), to be offered at $1,000 per Interest including selling commissions, with a minimum subscription of 5 units ($5,000). It is asserted that offers to sell and sales of Interests to the public are proposed to be effected, on a best-efforts basis, by Continental Wingate Capital Corporation, a wholly-owned subsidiary of the General Partner, and other registered broker-dealers. Applicants maintain that no subscription for units will be accepted unless it is approved by the General Partner, which approval shall be conditioned upon representations as to the suitability of the investment for each subscriber, including a representation that each subscriber will (1) have a net worth (exclusive of home, furnishings, and automobiles) of $200,000 or more, or (2) have a net worth (exclusive of home, furnishings and automobiles) of $50,000 or more and some part of his income will be subject to a federal income tax rate of 39% or more. The application states that the Partnership anticipates having a minimum of $5,117,500 and a maximum of $14,767,500 available for investment from this offering. It is represented that the Partnership will invest substantially all of its available capital in Local Limited Partnerships which will own, rehabilitate and operate Housing Developments. The application states that the Partnership has agreed to invest approximately 66% of the net proceeds of an offering of 15,000 Interests in three Local Limited Partnerships. Applicants represent that affiliates of the General Partners are codevelopers/general partners of these Local Limited Partnerships.

Applicants represent that the Partnership will invest any net proceeds not immediately utilized to acquire interests in Local Limited Partnerships or for other Partnership purposes (such as the establishment of a reserve equal to 3% of the gross proceeds of the offering), in United States Government securities, including Treasury bills, United States Government guaranteed obligations, securities of governmental agencies if covered by a repurchase agreement, bankers' acceptances, certificates of deposit or time deposits in banks, notes or bonds with maturities not exceeding one year or money market funds (which invest only in United States Government securities and/or certificates of deposit). The application states that it is unlikely that the Partnership will hold temporary investments for more than one year; however, the Partnership will own and hold these securities on a temporary basis pending full investment in interests in Local Limited Partnerships, and it is the Partnership's intention to be engaged, as soon as is reasonably possible, in a business other than that of owning, holding, investing or reinvesting any of these temporary investments.

The application states that the Partnership will be controlled by the General Partner, pursuant to the Partnership Agreement, and that the Limited Partners, consistent with their limited liability status, will not be entitled to participate in the control of the Partnership's business. It is asserted, however, that a majority in interest of the Limited Partners will have the right to dissolve the Partnership, to remove the General Partner, to elect a successor general partner and to approve or disapprove a sale of all or substantially all the assets of the Partnership. Applicants represent that, under the Partnership Agreement, each Limited Partner is entitled to review the records of the Partnership at reasonable times.

Applicants state that, as provided in the Partnership Agreement, annual reports will be distributed to each Limited Partner within 75 days after the end of each fiscal year containing a balance sheet, statement of income, partners' equity and changes in financial position for such fiscal year, all of which will be prepared in accordance with generally accepted accounting principles and accompanied by a report and opinion of a certified public accountant. It is asserted that such annual report shall also include a report of the Partnership's activities during the year and a cash flow statement setting forth distributions to Limited Partners and specifying the sources of such cash. Applicants state that the General Partner will distribute the following interim reports to the Limited Partners: (1) A semi-annual report within 60 days after the end of the first six-month period of each year containing an unaudited balance sheet, statement of income, cash flow statement and other pertinent information concerning the Partnership's activities, and a report setting forth the fees from the Partnership or the Local Limited Partnerships which the General Partner or its affiliates received and the services they rendered; and (2) until 75% of the proceeds of the offering of Interests are

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invested, a special report within 30 days of the end of each quarter in which the Partnership acquires or disposes of any Local Limited Partnership interest, detailing the material terms of such transaction and the aggregate investments to that date. The application represents that the Partnership will also file with the Commission, pursuant to Section 15(d) of the Securities and Exchange Act of 1934, all required annual reports, quarterly reports and current reports on Forms 10–K, 10–Q and 8–K, as well as any other reports required by that Act, all of which will be available to Limited Partners at the Commission's offices.

Applicants state that the General Partners and their officers, directors, employees and agents will be indemnified against personal liability for their action or inactions if done on a basis other than bad faith, misconduct, fraud or negligence. It is asserted that, notwithstanding the foregoing, neither the General Partner nor any officer, director, employee or agent of the General Partner will be indemnified from any liability incurred by him in connection with any claim or settlement involving an allegation that federal or state securities laws were violated unless such indemnification is approved by a court.

The application states that, as set forth in the Partnership Agreement, the General Partner and its affiliates will receive substantial reimbursements, fees, and other compensation from the proceeds of the sale of Interests and from the operation of the two Local Limited Partnerships of which affiliates of the General Partner are the Local General Partners. It is asserted that such reimbursements, fees, and other compensation are comparable to those which would be paid to third parties for the services rendered and are competitive with those generally paid or received for similar services in the multi-family, government-assisted housing industry. Applicants believe and represent further that such fees and reimbursements are reasonable and fair, do not involve over-reaching and are competitive from the point of view of the Partnership, the Local Limited Partnerships, and the Limited Partners in the Partnership.

Section 6(c) of the Act provides in part that the Commission, by order upon application, may conditionally or unconditionally exempt any person, security or transaction from any provision of the Act and rule thereunder if, and to the extent that, such exemption is necessary and appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

In submitting this application, neither the Partnership nor the General Partner concedes that the Partnership is an investment company, as that term is defined by the Act. Applicants assert that the Partnership does not fit within the several definitions of an investment company contained in the Act. Applicants assert that the Partnership's exemption from the provisions of, and the rules and regulations promulgated pursuant to, the Act is both necessary and appropriate in the public interest.

In support of their request, Applicants assert that, by investing in Limited Partnership interests in Local Limited Partnerships developing government-assisted, low-income housing, the Partnership is emplementing the national policy enunciated by Congress in Section 901 of Title IX. Applicants represent that such investment is not economically suitable for private investors without the tax and organizational advantages of the limited partnership form. Applicants assert that the limited partnership structure is the only way to bring substantial private equity capital into government-assisted housing. The application maintains, however, that the limited partnership form of organization is incompatible with the Act, and that it would be impossible for the Partnership to comply with certain provisions of the Act. Applicants state that to discourage two-tier limited partnership arrangements by the application of the Act would result in the elimination of a prime format with which to attract private equity capital into government-assisted housing, and would frustrate national policy.

Applicants state that the contemplated arrangement is not susceptible to abuses of the sort the Act was designed to remedy. It is asserted that the regulations imposed on each Local Limited Partnership by various state, federal, and municipal agencies, and the Partnership Agreement provide protection to investors comparable to, and in some cases greater than, that provided by the Act. Applicants also note that Interests will be sold only to investors who have special qualifications and who the Applicants expect will have both the ability and incentive to inform themselves concerning their investment and to exercise sound judgment in connection therewith.

Notice is further given that any interested person may, not later than July 6, 1982, at 5:30 p.m., submit to the Commission in writing a request for a hearing on the application accompanied by a statement as to the nature of his interest, the reasons for such request, and the issues, if any, of fact or law proposed to be controverted, or he may request that he be notified if the Commission shall order a hearing thereon. Any such communication should be addressed: Secretary, Securities and Exchange Commission, Washington, D.C. 20549. A copy of such request shall be served personally or by mail upon Applicants at the address stated above. Proof of such service (by affidavit or, in the case of an attorney-at-law, by certificate) shall be filed contemporaneously with the request. As provided by Rule 0–5 of the Rules and Regulations promulgated under the Act, an order disposing of the application herein will be issued as of course following said date unless the Commission thereafter orders a hearing upon request or upon the Commission's own motion. Persons who request a hearing, or advice as to whether a hearing is ordered, will receive any notices and orders issued in this matter, including the date of the hearing (if ordered) and any postponements thereof.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Shirley E. Hollis,

Assistant Secretary.

[FR Doc. 82-16877 Filed 6-17-82; 8:45 am]

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INVESTMENT COMPANY ACT OF 1940
Release No. 12484 / June 11, 1982

In the Matter of	:
	:
NEL CASH MANAGEMENT TRUST	:
(Formerly NEL Cash Management	:
Account, Inc.)	:
501 Boylston Street	:
Boston, Massachusetts 02117	:
	:
(812-5179)	:
	:

ORDER PURSUANT TO SECTION 6(c) OF THE ACT AMENDING A PREVIOUS ORDER OF EXEMPTION FROM RULES 2a-4 AND 22c-1 THEREUNDER

NEL Cash Management Trust (formerly NEL Cash Management Account, Inc.) ("Applicant"), an open-end, diversified, management investment company, filed an application on April 23, 1982, and an amendment thereto on May 10, 1982, requesting an order of the Commisssion pursuant to Section 6(c) of the Investment Company Act of 1940 (the "Act") amending a prior order of the Commission (Investment Company Act Release No. 10926, October 31, 1979) to exempt Applicant from Section 2(a)(41) of the Act and Rules 2a-4 and 22c-1 thereunder, to the extent necessary to permit Applicant to value the assets held in its U.S. Government Series and its Money Market Series using the amortized cost method of valuation.

A notice of the filing of the application was issued on May 17, 1982 (Investment Company Act Release No. 12437). The notice gave interested persons an opportunity to request a hearing and stated that an order disposing of the application would be issued as of course unless a hearing should be ordered. No request for a hearing has been filed, and the Commission has not ordered a hearing.

The matter has been considered, and it is found, on the basis of the information stated in the application, to be appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act to issue the requested order. Accordingly,

IT IS ORDERED, pursuant to Section 6(c) of the Act, that the application to amend a prior Commission order to exempt the Applicant from the provisions of Section 2(a)(41) of the Act and Rules 2a-4 and 22c-1 thereunder, to the extent requested, be and hereby is, granted, effective forthwith, subject to those conditions to which Applicant has consented and which are set forth in Investment Company Act Release No. 12437.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

George A. Fitzsimmons
Secretary

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[Rel. No. 12485; 812-5186]

Exxon Finance N.V.; Filing of an Application

June 11, 1982.

Notice is hereby given that Exxon Finance N.V. ("Applicant") c/o Donald C. Walkovik, Esq., Sullivan & Cromwell, 125 Broad Street, New York, NY 10004, a Netherlands Antilles corporation which is a wholly-owned subsidiary of Exxon Corporation ("Exxon"), a Delaware corporation, filed an application on May 10, 1982, and an amendment thereto on June 7, 1982, for an order of the Commission, pursuant to Section 6(c) of the Investment Company Act of 1940 ("Act"), exempting Applicant from all provisions of the Act. All interested persons are referred to the application on file with the Commission for a statement of the representations contained therein, which are summarized below.

Applicant represents that it was incorporated under the laws of the Netherlands Antilles in May, 1968, and that its registered office is located at Washington Mall, Church Street, Hamilton, Bermuda. Applicant further represents that all its outstanding shares of capital stock are owned by Exxon. According to the application Exxon is one of the world's largest business corporations with divisions, subsidiaries and affiliated companies operating in the United States and nearly 100 other countries. Applicant further states that Exxon's principal business is energy, involving exploration for, and production of, crude oil and natural gas; manufacturing of petroleum products; transportation and sale of crude oil, natural gas and petroleum products; exploration for, and mining and sale of, coal; and fabrication of nuclear fuel. For the year ended December 31, 1981, Exxon's consolidated net income was $5,567,000,000. Total consolidated revenues for that period were $115,148,321,000, of which $113,196,747,000 was from sales and other operating revenue and $1,951,574,000 were earnings from equity interests and other revenue.

Applicant states that its sole business will be the provision of funds to Exxon, its affiliates or subsidiaries, and, accordingly, substantially all of its assets will consist of amounts receivable from Exxon, its affiliates or subsidiaries. To this end, Applicant intends to undertake, on behalf of Exxon, the issuance and sale of long-term, intermediate-term or short-term debt securities ("Securities") in the United States and worldwide. Payment of principal of, and premium (if any) and interest on, Securities would be unconditionally guaranteed by Exxon. Applicant would advance to, or deposit with, Exxon, affiliates of Exxon, or subsidiaries of Exxon, substantially all of the proceeds of sales of Securities made by the Applicant. Applicant represents that the terms of the advances or deposits would allow it to make timely payments of principal of, and premium (if any) and interest on, the Securities.

Applicant represents that its offerings of Securities would be limited to offerings of debt securities. Such offerings would either take the form of a public offering of securities registered under the Securities Act of 1933 (the "1933 Act") or a sale of securities by means of transactions exempt from the registration requirements of the 1933 Act.

Applicant represents that it and Exxon would file a registration statement under the 1933 Act with the Commission prior to any public offering of Securities in the United States not exempt from the registration requirements of the 1933 Act and that they would not sell the Securities until the registration statement was declared effective by the Commission and the related Indenture was qualified under the Trust Indenture Act of 1939. Applicant and Exxon would also comply with the prospectus delivery requirements of the 1933 Act in connection with the offering and sale of the Securities.

Applicant further represents that, in the case of an offering of Securities in the United States not requiring registration under the 1933 Act, it and Exxon would undertake to provide to any offeree to whom they offer such Securities in the United States a memorandum at least as comprehensive as memoranda customarily used in offerings of such securities in the United States. In the event of subsequent offerings, the memorandum would be updated at the time thereof, as necessary, to reflect material changes in the financial position of Exxon. The Applicant consents to having any order granting the relief requested under Section 6(c) of the 1940 Act expressly conditioned upon its compliance with the undertakings regarding disclosure memoranda.

Applicant also undertakes that, in connection with any issuance of Securities, it would appoint an agent to accept service of process in any action based on the Securities and instituted in any state or Federal court located in New York City by any holder thereof, and the Applicant would accept jurisdication in any state or Federal court located in the City of New york in any action based on any Securities instituted by any holder. Such appointment and consent would be irrevocable until the amounts due or to become due on such Securities have been paid. No authorized agent for service of process would be a trustee for the holders of Securities or have any responsibilitiess or duties to act for such holders as would a trustee.

The Applicant further represents that prior to any issuance of the Securities, the Securities shall have received one of the three highest investment grade ratings from at least one nationally recognized statistical rating organization and that the Applicant shall have certified to its United States counsel that such rating has been received. No such rating shall be required to be obtained, however, if, in the opinion of United States counsel for the Applicant, an exemption from registration is available with respect to such issue under Section 4(2) of the 1933 Act.

As here pertinent, Section 3(a)(3) of the Act defines "investment company" as an issuer which is engaged, or proposes to engage, in the business of investing, reinvesting, owning, holding, or trading in securities, and owns or proposes to acquire investment securities having a value exceeding 40 per centum of the value of such issuer's total assets (exclusive of Government securities and cash items) on an unconsolidated basis. Section 3(a)(3) provides, with three exceptions not partinent to the application, that any security is an "investment security." The definition of "security" in Section 2(a)(36) of the Act includes any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest, transferable share, investment contract, voting trust certificate, certificate of deposit for a security or, in general, any interest or instrument commonly known as a security. Applicant states that it may be deemed an investment company under Section 3(a)(3) of the Act on the ground that its proposed advances to, or deposits with, Exxon may be deemed "investment securities" and would constitute more than 40% of its total assets. However, having been organized solely for the purpose of financing operations of Exxon, Applicant does not view itself as an investment company. Accordingly, in order to eliminate any doubt that it would be entitled, without registration under the Act, to issue and sell the Securities, Applicant is seeking an

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exemption from all provisions of the Act.

Section 6(c) of the Act provides, in pertinent part, that the Commission, by order upon application, may conditionally or unconditionally exempt any person, security, or transaction, or any class or classes of persons, securities, or transactions from any provision or provisions of the Act or of any rule or regulation thereunder, if and to the extent that such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

In support of the exemption relief requested, Applicant represents that, at the times of issuance and sale of Securities and for so long as any of the Securities are outstanding, Applicant will remain a wholly-owned subsidiary of either Exxon or of one of Exxon's other subsidiaries and Applicant will own or hold no equity securities other than those of Exxon or its other subsidaries. In addition, Applicant asserts that the Securities will be guaranteed unconditionally by Exxon, with the effect that the holders of the Securities will be looking to Exxon as the ultimate obligor. Applicant further represents that the terms of the Exxon guarantees will be such that, in the event of a default with respect to a Security, legal proceedings may be instituted directly against Exxon to enforce the guarantee of that Security without first proceeding against the Applicant. For these reasons, Applicant assets that the purchase of Securities issued and sold by the Applicant will be the equivalent of purchasing obligations of Exxon. Since Exxon is not an investment company within the meaning of the Act and would not be required to register under the Act prior to issuing its debt securities directly, Applicant asserts that that it is appropriate that it should be exempted from all provisions of the Act.

Notice is further given that any interested person may, not later than July 6, 1982, at 5:30 p.m., submit to the Commission in writing a request for a hearing on the application accompanied by a statement as to the nature of his interest, the reasons for such request, and the issues, if any, of fact or law proposed to be controverted, or he may request that he be notified if the Commission shall order a hearing thereon. Any such communication should be addressed: Secretary, Securities and Exchange Commission, Washington, D.C. 20549. A copy of such request shall be served personally or by mail upon Applicant at the address stated above. Proof of such service (by affidavit or, in the case of an attorney-at-law, by certificate) shall be filed contemporaneously with the request. As provided by Rule 0–5 of the Rules and Regulations promulgated under the Act, an order disposing of the application herein will be issued as of course following said date unless the Commission thereafter orders a hearing upon request or upon the Commission's own motion. Persons who request a hearing, or advice as to whether a hearing is ordered, will receive any notices and orders issued in this matter, including the date of the hearing (if ordered) and any postponements thereof.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Shirley, E. Hollis,

Assistant Secretary.

[FR Doc. 82-16485 Filed 6-18-82; 8:45 am]

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[Rel. No. 12486; 812-5036]

Fort Washington Money Market Fund, (Formerly Money Market Obligations Trust); Filing of Application

June 11, 1982.

Notice is hereby given that Fort Washington Money Market Fund ("Applicant") 421 Seventh Avenue, Pittsburgh, Pennsylvania 15219 filed an application on December 4, 1981, for an order of the Commission pursuant to Section 6(c) of the Investment Company Act of 1940 ("Act") exempting Applicant from the provisions of Section 2(a)(41) of the Act and Rules 2a–4 and 22c–1 thereunder to the extent necessary to permit Applicant to compute its net asset value per share using the amortized cost method of valuing portfolio securities. All interested persons are referred to the application on file with the Commission for a statement of the representations contained therein, which are summarized below.

Applicant is organized as a business trust under the laws of the Commonwealth of Massachusetts, and is registered under the Act as an open-end, diversified, management investment company. Empire Research Corp., currently a wholly-owned subsidiary of Federated Investors, Inc., and DBT Investment Advisers, Inc., currently a wholly-owned subsidiary of Detroit-Bank Corporation, act as investment advisers to the Applicant.

Applicant is a "money market fund" designed as an investment vehicle for investors with temporary cash balances or cash reserves, offering shares to customers, agency accounts, affiliates, correspondents, officers, directors, and employees of Detroit Bank and Trust Company. Applicant states that it may invest in a variety of money market instruments, including U.S. Government obligations, instruments of banks and savings and loan associations, and other money market instruments maturing in one year or less.

Applicant states that it invests in instruments issued by banks and savings and loan associations only if (a) at the time of the investment they have capital, surplus and undivided profits in excess of $100,000,000 at the date of their most recently published financial statements; or (b) the principal amount of the instrument is insured in full by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation. Commercial paper investments are limited to commercial paper rated A-1 by Standard & Poor's Corporation, Prime 1 by Moody's Investors Service or F-1 by Fitch Investors Service. Applicant states in its prospectus, a copy of which is attached as an exhibit to the application, that it may also purchase U.S. Government obligations on a "when-issued" or "delayed delivery" basis. Applicant has represented that such securities will be carried and treated on Applicant's books in accordance with all the conditions set forth in Investment Company Act Release No. 10666 (April 18, 1979).

Applicant seeks an order of the Commission pursuant to Section 6(c) of the Act exempting it from the provisions of Section 2(a)(41) of the Act and Rules 2a–4 and 22c–1 thereunder to the extent necessary to permit Applicant's assets to be valued according to the amortized cost valuation method. As here pertinent, Section 2(a)(41) of the Act defines value to mean: (1) With respect to securities for which market quotations are readily available, the market value of such securities, and (2) with respect to other securities and assets, fair value as determined in good faith by the board of directors. Rule 22c–1 adopted under the Act provides, in part, that no registered investment company or principal underwriter therefor issuing any redeemable security shall sell, redeem or repurchase any such security except at a price based on the current net asset value of such security which is next computed after receipt of a tender of such security for redemption or of an order to purchase or sell such security.

Rule 2a–4 adopted under the Act provides, as here relevant, that the "current net asset value" of a redeemable security issued by a registered investment company used in computing its price for the purpose of distribution, redemption and repurchase shall be an amount which reflects calculations made substantially in accordance with the provisions of that rule, with estimates used where necessary or appropriate. Rule 2a–4 further states that portfolio securities with respect to which market quotations are readily available shall be valued at current market value, and other securities and assets shall be valued at fair value as determined in good faith by the board of directors of the investment company. Prior to the filing of the application, the Commission expressed its view that, among other things, (1) Rule 2a–4 under the Act requires that portfolio instruments of "money market" funds be valued with reference to market factors, and (2) it would be inconsistent, generally, with the provisions of Rule 2a–4 for a "money market" fund to value its portfolio instruments on an amortized cost basis (Investment Company Act Release No. 9786, May 31, 1977).

Section 6(c) of the Act provides, in pertinent part, that the Commission, by order upon application, may conditionally or unconditionally exempt any person, security or transaction, or any class or classes of persons, securities or transactions, from any provision or provisions of the Act or of any rule or regulation thereunder, if and to the extent that such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

Applicant states that it has been the experience of its board of trustees that in order to attract investors and retain shareholders, Applicant should have a stable net asset value and a steady flow of investment income. Applicant states that its trustees have determined in good faith that in light of the characteristics of the Applicant as described above the amortized cost method of valuing portfolio securities is appropriate and preferable for Applicant and reflects the fair value of such securities.

Applicant has agreed that the following conditions may be imposed in any order of the Commission granting the exemptive relief requested:

1. In supervising the operations of Applicant and delegating special responsibilities involving portfolio management to Applicant's investment adviser, Applicant's board of trustees

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undertakes—as a particular responsibility within its overall duty of care owed to Applicant's shareholders—to establish procedures resonably designed, taking into account current market conditions and the Applicant's investment objectives, to stabilize the Applicant's net asset value per share, as computed for the purposes of distribution, redemption and repurchase, at $1.00 per share.

2. Included within the procedures to be adopted by the board of trustees shall be the following:

(a) Review by the board of trustees, as it deems appropriate and at such intervals as are reasonable in light of current market conditions, to determine the extent of deviation, if any, of the net asset value per share as determined by using available market quotations from Applicant's $1.00 amortized cost price per share, and maintainence of records of such review.[1]

(b) In the event such deviation from Applicant's $1.00 amortized cost price per share exceeds ½ of 1 percent, a requirement that the board of trustees will promptly consider what action, if any, should be initiated.

(c) Where the board of trustees believes that the extent of any deviation from Applicant's $1.00 amortized cost price per share may result in material dilution or other unfair results to investors or existing shareholders, it shall take such action as it deems appropriate to eliminate or to reduce to the extent reasonably practicable such dilution or unfair result, which action may include: redeeming shares in kind; selling portfolio instruments prior to maturity to realize capital gains or losses, or to shorten Applicant's average portfolio maturity; withholding dividends; or utilizing a net asset value per share as determined by using available market quotations.

3. Applicant will maintain a dollar-weighted average portfolio maturity appropriate to its objective of maintaining a stable net asset value per share; provided, however, that Applicant will not (a) purchase any instrument with a remaining maturity of greater than one year, or (b) maintain a dollar-weighted average portfolio maturity which exceeds 120 days.[1]

4. Applicant will record, maintain and preserve permanently in an easily accessible place a written copy of the procedures (and any modifications thereto) described in condition 1 above, and Applicant will record, maintain and preserve for a period of not less than six years (the first two years in an easily accessible place) a written record of the board of trustees' considerations and actions taken in connection with the discharge of its responsibilities, as set forth above, to be included in the minutes of the board of trustees' meetings. The documents preserved pursuant to this condition shall be subject to inspection by the Commission in accordance with Section 31(b) of the Act as though such documents were records required to be maintained pursuant to rules adopted under Section 31(a) of the Act.

5. Applicant will limit its portfolio investments, including repurchase agreements, to those U.S. dollar-denominated instruments which the board of trustees determines present minimal credit risks, and which are of high quality as determined by any major rating service, or, in the case of any instrument that is not rated, of comparable quality as determined by the board of trustees.

6. Applicant will include in each quarterly report, as an attachment to Form N–1Q, a statement as to whether any action pursuant to condition 2(c) was taken during the preceding fiscal quarter, and, if any action was taken, will describe the nature and circumstances of such action.

Applicant submits that granting its requested exemptive order is appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

Notice is further given that any interested person may, not later than July 6, 1982, at 5:30 p.m., submit to the Commission in writing a request for a hearing on the application accompanied by a statement as to the nature of his interest, the reasons for such request, and the issues, if any, of fact or law proposed to be controverted, or he may request that he be notified if the Commission shall order a hearing thereon. Any such communications should be addressed: Secretary, Securities and Exchange Commission, Washington, D.C. 20549. A copy of such request shall be served personally or by mail upon Applicant at the address stated above. Proof of such service (by affidavit or, in the case of an attorney-at-law, by certificate) shall be filed contemporaneously with the request. As provided by Rule 0–5 of the Rules and Regulations promulgated under the Act, an order disposing of the application herein will be issued as of course following said date unless the Commission thereafter orders a hearing upon request or upon the Commission's own motion. Persons who request a hearing, or advice as to whether a hearing, is ordered, will receive any notices and orders issued in this matter, including the date of the hearing (if ordered) and any postponements thereof.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Shirley E. Hollis,

Assistant Secretary.

[FR Doc. 82-16483 Filed 6-16-82; 8:45 am]

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[1] To fulfill this condition, Applicant states that it intends to use actual quotations or estimates of market value reflecting current market conditions chosen by its board of trustees in the exercise of its discretion to be appropriate indicators of value, which may include among others, (i) quotations or estimates of market value for individual portfolio instruments, or (ii) values obtained from yield data relating to classes of money market instruments published by reputable sources.

[1] In fulfilling this condition, if the disposition of a portfolio instrument results in a dollar-weighted average portfolio maturity in excess of 120 days, Applicant will invest its available cash in such a manner as to reduce the dollar-weighted average portfolio maturity to 120 days or less as soon as reasonably practicable.

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[Rel. No. 12487; 812-5141]

Rodney Square Fund; Filing of Application

June 11, 1982.

Notice is hereby given that Rodney Square Fund ("Applicant") 82 Devonshire Street, Boston, Massachusetts 02109, a Massachusetts business trust registered under the Investment Company Act of 1940 ("Act") as an open-end, diversified management investment company, filed an application on March 19, 1982, requesting an order of the Commission, pursuant to Section 6(c) of the Act, exempting Applicant from the provisions of Section 2(a)(41) of the Act and Rules 2a–4 and 22c–1 thereunder to the extent necessary to permit Applicant to value its portfolio securities according to the amortized cost method of valuation. All interested persons are referred to the application on file with the Commission for a statement of the representations contained therein, which are summarized below.

Applicant states that it is a "series" money market fund that offers to individuals, corporations, fiduciaries, and institutions a means to invest in a professionally-managed portfolio of certain money market instruments with the objective of seeking as high a level of current income as is consistent with the preservation of capital and liquidity. The application states that Applicant has only one series, but may add other series in the future. Applicant states that it presently consists of one portfolio—a Domestic Money Market Portfolio, which will invest in obligations of major U.S. banks, prime commercial paper, and U.S. government and agency obligations. Applicant also states that it may enter into repurchase agreements involving any security in which it is permitted to invest, and it may purchase new issues of government securities on a when-issued basis. Applicant states that all of its investments will consist of obligations that mature within one year from the date of acquisition, and the dollar-weighted average portfolio maturity of such obligations will be 120 days or less.

The application states that Fidelity Management & Research Company will serve as investment adviser to Applicant. Fidelity Distributors Corporation will serve as general distributor for shares of Applicant. The application further states that Wilmington Trust Company (the "Bank") will serve as administrator for Applicant, performing services as custodian of the assets of Applicant and as transfer, dividend disbursing and shareholders' servicing agent for Applicant. The Applicant represents that it is anticipated that its shares will be offered by Fidelity Distributors primarily to prospective investors who have an existing relationship with the Bank, who are expected to include those Bank customers with a custody or agency relationship with the Bank or investors for whom the Bank serves as trustee. The application states that the Bank may provide cash management services to such customers, including automatic investment of customers' excess cash balances in shares of Applicant and redemption of customers' shares. The Applicant states that such services would be undertaken by the Bank on behalf of a customer in accordance with preestablished parameters and pursuant to express instructions contained in an agency or other agreement between the Bank and its customer. The application states that the Bank may charge a fee for such services.

Applicant further states that under its contract with the Bank, Applicant may purchase securities from or through the Bank, may engage in repurchase transections with the bank, and may place funds on deposit in accounts with the Bank subject to receipt of interest at currently available market rates. Applicant represents that with respect to any such transaction, no special consideration or preference will be given to the Bank in the investment decision-making process.

As here pertinent, Section 2(a)(41) of the Act defines value to mean: (1) with respect to securities for which market quotations are readily available, the market value of such securities, and (2) with respect to other securities and assets, fair value as determined in good faith by the board of directors. Rule 22c–1 adopted under the Act provides, in part, that no registered investment company or principal underwriter therefor issuing any redeemable security shall sell, redeem or repurchase any such security except at a price based on the current net asset value of such security which is next computed after receipt of a tender of such security for redemption or of an order to purchase or sell such security. Rule 2a–4 adopted under the Act provides, as here relevant, that the "current net asset value" of a redeemable security issued by a registered investment company used in computing its price for the purposes of distribution, redemption and repurchase shall be an amount which reflects calculations made substantially in accordance with the provisions of that rule, with estimates used where necessary or appropriate. Rule 2a–4 states further that portfolio securities with respect to which market quotations are readily available shall be valued at current market value, and other securities and assets shall be valued at fair value as determined in good faith by an investment company's board of directors. Prior to the filing of this application, the Commission expressed its view that, among other things: (1) Rule 2a–4 under the Act requires portfolio instruments of "money market" funds which have more than 60 days remaining to maturity be valued with reference to market factors and (2) it would be inconsistent with the provisions of Rule 2a–4 for a "money market" fund to value its portfolio instruments with over sixty-day maturities on an amortized cost basis (Investment Company Act Release No. 9786, May 31, 1977).

In support of the relief requested, Applicant states its belief that the valuation of its portfolio securities on the amortized cost basis will benefit shareholders by enabling Applicant to maintain a constant $1.00 per share purchase and redemption price, while at the same time providing shareholders with a steady flow of investment income through daily dividends which reflect Applicant's net income as earned. Applicant further asserts that its Trustees have determined in good faith that in light of the characteristics of Applicant as described above and absent unusual or extraordinary

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circumstances, the amortized cost method of valuing portfolio securities is appropriate and preferable for Applicant and reflects the fair value of such securities. The application states that given the nature of Applicant's policies and operations, there will be relatively negligible discrepancy between prices obtained by market value methods and amortized cost.

Section 6(c) of the Act provides, in pertinent part, that the Commission, by order upon application, may conditionally or unconditionally exempt any person, security or transaction, or any class or classes of persons, securities or transactions from any provision of the Act, if and to the extent that such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

Applicant expressly consents that the following conditions may be imposed in any order of the Commission granting the exemption it has requested:

1. In supervising Applicant's operations and delegating special responsibilities involving portfolio management to Applicant's investment adviser, Applicant's Board of Trustees undertakes—as a particular responsibility within the overall duty of care owed to its shareholders—to establish procedures reasonably designed, taking into account current market conditions and Applicant's investment objectives, to stabilize Applicant's net asset value per share for each portfolio, as computed for the purposes of distribution, redemption and repurchase, at $1.00 per share.

2. Included within the procedures to be adopted by the Board of Trustees shall be the following:

(a) Review by the Board of Trustees, as it deems appropriate and at such intervals as are reasonable in light of current market conditions, to determine the extent of deviation, if any, of the net asset value per share of each portfolio as determined by using available market quotations from Applicant's $1.00 amortized cost price per share, and the maintenance of records of such review.[1]

(b) In the event such deviation from the $1.00 amortized cost price per share for each of the portfolios exceeds ½ of 1%, a requirement that the Board of Trustees will promptly consider what action, if any, should be initiated.

(c) Where the Board of Trustees believes that the extent of any deviation from the Applicant's $1.00 amortized cost price per share for each of the portfolios may result in material dilution or other unfair results to investors or existing shareholders, it shall take such action as it deems appropriate to eliminate or to reduce to the extent reasonably practicable such dilution or unfair results, which may include: redemption of shares in kind; the sale of portfolio instruments prior to maturity to realize capital gains or losses or to shorten Applicant's average portfolio maturity; withholding dividends; or utilizing a net asset value per share as determined by using available market quotations.

3. Applicant will maintain a dollar-weighted average portfolio maturity appropriate to its objective of maintaining a stable net asset value per share in each of the portfolios; provided, however, that Applicant will not in any portfolio (a) purchase any instrument with a remaining maturity of greater than one year, or (b) maintain a dollar-weighted average portfolio maturity in excess of 120 days.[2]

4. Applicant will record, maintain, and preserve permanently in an easily accessible place a written copy of the proedures (and any modification thereto) described in condition 1 above, and Applicant will include in the minutes of the Board of Trustees' meetings and will record, maintain and preserve for a period of not less than six years (the first two years in an easily accessible place) a written record of the Board's considerations and actions taken in connection with the discharge of its responsibilities, as set forth above. The documents preserved pursuant to this condition shall be subject to inspection by the Commission in accordance with Section 31(b) of the Act as though such documents were records required to be maintained pursuant to rules adopted under Section 31(a) of the Act.

5. In each of the portfolios, Applicant will limit its portfolio investments, including repurchase agreements, to those United States dollar-denominated instruments which the Board of Trustees determines present minimal credit risks, and which are of "high quality" as determined by any major rating service or, in the case of any instrument that is not rated, of comparable quality as determined by the Board of Trustees.

6. Applicant will include in each quarterly report, as an attachment to Form N–1Q, a statement as to whether any action pursuant to condition 2(c) above was taken during the preceding fiscal quarter and, if any action was taken, will describe the nature and circumstances of such action.

Notice is further given that any interested person may, not later than July 6, 1982, at 5:30 p.m., submit to the Commission in writing a request for a hearing on the application accompanied by a statement as to the nature of his or her interest, the reason for such request, and the issues if any, of fact or law proposed to be controverted, or such person may request that he or she be notified if the Commission shall order a hearing thereon. Any such communication should be addressed: Secretary, Securities and Exchange Commission, Washington, D.C. 20549.

A copy of such request shall be served personally or by mail upon Applicant at the address stated above. Proof of such service (by affidavit or, in the case of an attorney-at-law, by certificate) shall be filed contemporaneously with the request. As provided by Rule 0–5 of the Rules and Regulations promulgated under the Act, and order disposing of the application will be issued as of course following said date unless the Commission thereafter orders a hearing upon request or upon the Commission's own motion. Persons who request a hearing, or advice as to whether a hearing is ordered, will receive any notices and orders issued in this matter, including the date of the hearing (if ordered) and any postponements thereof.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Shirley E. Hollis,

Assistant Secretary.

[FR Doc. 82-18482 Filed 6-18-82; 8:45 am]

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[1] Applicant states that to fulfill this condition, it intends to use actual quotations or estimates of market value reflecting current market conditions chosen by its Board of Trustees in the exercise of its discretion to be appropriate indicators of value, which may include, *inter alia*, (1) quotations or estimates of market value for individual portfolio instruments, or (2) values obtained from yield data relating to classes of money market instruments furnished by reputable sources.

[2] In fulfilling this condition, Applicant agrees that if the disposition of a portfolio instrument results in a dollar-weighted average portfolio maturity in excess of 120 days for each of the portfolios, Applicant will invest its available cash in such a manner as to reduce the dollar-weighted average portfolio maturity to 120 days or less as soon as reasonably practicable.

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[Rel. No. 12488; 812-5142]

Money Asset Fund; Filing of Application

June 11, 1982.

Notice is hereby given that Money Asset Fund ("Applicant"), 82 Devonshire Street, Boston, Massachusetts 02109, an open-end, diversified, management investment company registered under the Investment Company Act of 1940 (the "Act") filed an application on March 19, 1982, requesting an order of the Commission, pursuant to Section 6(c) of the Act, exempting Applicant from the provisions of Section 2(a)(41) of the Act and Rules 2a–4 and 22c–1 thereunder to the extent necessary to permit its use of the amortized cost method to value its portfolio securities. All interested persons are referred to the application on file with the Commission for a statement of the representations contained therein, which are summarized below.

Applicant states that it was organized and is presently legally existing as a business trust under the laws of the Commonwealth of Massachusetts and that it is a "series" money market fund offering to individuals, corporations, fiduciaries and institutions a means to invest in a professionally managed portfolio of certain money market instruments with the objective of seeking as high a level of current income as is consistent with the preservation of capital and liquidity within the standards prescribed for each of two portfolios. Applicant submits that its shares will be sold without a sales charge and that Fidelity Management & Research Company will serve as investment adviser to Applicant and will receive a fee at an annual rate of .25% of the average net assets of Applicant. Applicant states further that Fidelity Distributors Corporation will serve as general distributor for shares of Applicant.

Applicant asserts that it consists of two portfolios—a U.S. Government Portfolio and a Money Market Portfolio and that the former will invest exclusively in obligations issued or guaranteed as to principal and interest by the U.S. Government, its agencies or instrumentalities and the latter in obligations of major banks, including U.S. dollar-denominated obligations of foreign branches of U.S. banks and U.S. branches of foreign banks, prime commercial paper and obligations of the U.S. Government, its agencies or instrumentalities. Applicant states that it may also enter into repurchase agreements involving any security in which it is permitted to invest, and may purchase new issues of government securities on a "when-issued" basis. Applicant states that all of its investments will consist of obligations maturing within one year from the date of acquisition and the dollar-weighted average portfolio maturity of all of its investments will be 120 days or less.

Applicant maintains that Citizens & Southern National Bank ("Citizens & Southern" or the "Bank") will serve as administrator for Applicant, performing services as custodian of its assets and as transfer, dividend disbursing and shareholders' servicing agent for Applicant and that the Bank will receive a fee at an annual rate of .25% of Applicant's average net assets for performing these services. Applicant asserts that it is anticipated that its shares will be offered by Fidelity Distributors to prospective investors who have an existing relationship with Citizens & Southern. Applicant submits that such prospective investors are expected to include those with a custody or agency relationship with the Bank, investors for whom the Bank serves as Trustee, and checking account customers of the Bank. Applicant asserts that Citizens & Southern may provide cash management services to such customers by, for example, entering into agreements pursuant to which the Bank would automatically invest excess cash balances of such customers in shares of Applicant or redeem shares to provide cash to such customers when needed. Applicant submits that such services would be undertaken by the Bank on behalf of a customer in accordance with pre-established parameters and pursuant to express instructions contained in an agency or other agreement with the customer and that the Bank may charge a fee for providing this service. Applicant maintains that under its Administrator contract with Citizens & Southern, Applicant may purchase securities from or through the Bank, may engage in repurchase transactions with the Bank and may place funds on deposit in accounts with the Bank subject to receipt of interest at currently available market rates. Applicant states that with respect to any such transaction, no special consideration or preference will be given to the Bank in the investment decision making process.

Section 2(a)(41) of the Act, as here pertinent, defines "value" with respect to portfolio assets to mean: (1) With respect to securities for which market quotations are readily available, the market value of such securities, and (2) with respect to other securities and assets, fair value as determined in good faith by the board of directors. Rule 22/–1(a) adopted under Section 22 of the Act provides, in pertinent part, that no registered investment company or principal underwriter therefor issuing any redeemable security shall sell, redeem or repurchase any such security except at a price based on the current net asset value of such security which is next computed after receipt of a tender of such security for redemption or of an order to purchase or sell such security.

Rule 2a–4 promulgated under the Act provides that the "current net asset value" of a redeemable security issued by a registered investment company used in computing its price for the purposes of distribution and redemption should be an amount which reflects calculations made substantially in accordance with the provisions of the Rule. The Rule further provides that portfolio securities with respect to which market quotations are readily available shall be valued at current market value, and other securities and assets shall be valued at fair value as determined in good faith by the board of directors of the registered company.

In a May 31, 1977, interpretative release (IC No. 9786), the Commission stated that (1) Rule 2a–4 requires that portfolio instruments of "money market" funds be valued with reference to market factors and (2) it would prospectively consider the use by a money market fund of the amortized cost basis for valuing its portfolio securities (except those having

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maturities of 60 days or less) to be inconsistent with Rule 2a–4.

Section 6(c) of the Act provides, in part, that the Commission upon application may conditionally or unconditionally exempt any person, security or transaction or any class or classes of persons, securities or transactions, from any provision or provisions of the Act or of the rules thereunder, if and to the extent that such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

Applicant states that it has been management's experience that in order to attract and retain investments Applicant must have a stable net asset value (preferably at $1.00 per share) and a constant and steady flow of investment income. Applicant believes that the valuation of its portfolio securities on the amortized cost basis will benefit shareholders by enabling it to maintain a constant $1.00 per share purchase and redemption price, while at the same time providing shareholders with a steady flow of investment income through daily dividends which reflect Applicant's net income as earned. Applicant states that its Trustees have determined in good faith that in light of its characteristics as described above and absent unusual or extraordinary circumstances, the amortized cost method of valuing portfolio securities is appropriate and preferable for Applicant and reflects the fair value of such securities. It is Applicant's experience that given the nature of Applicant's policies and operations, there will be relatively negligible discrepancy between prices obtained by market value methods and amortized cost. It is submitted in the application that Applicant's use of the amortized cost method of valuing its portfolio securities, subject to the conditions enumerated below, will benefit shareholders by enabling Applicant to more effectively maintain the $1.00 per share purchase and redemption price while simultaneously providing the opportunity for a steadier flow of investment income to shareholders. Applicant believes that the granting of the requested exemptions by the Commission is appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

Applicant expressly consents to the imposition of the following conditions in any order granting the relief it requests:

1. In supervising Applicant's operations and in delegating special responsibilities involving portfolio management to Applicant's investment adviser, Applicant's Board of Trustees undertakes—as a particular responsibility within the overall duty of care owed to shareholders—to establish procedures reasonably designed, taking into account current market conditions and Applicant's investment objectives, to stabilize Applicant's net asset value per share, as computed for the purpose of distribution, redemption and repurchase, at $1.00 per share.

2. Included with the procedures to be adopted by Applicant's Board of Trustees shall be the following:

(a) Review by the Board of Trustees, as it deems appropriate and at such intervals as are reasonable in light of current market conditions, to determine the extent of deviation, if any, of the net asset value per share as determined by using available market quotations from Applicant's $1.00 amortized cost price per share, and the maintenance of records of such review. To fulfill this condition, Applicant intends to use actual quotations or estimates of market value reflecting current market conditions chosen by its Board of Trustees in the exercise of its discretion to be appropriate indicators of value which may include, *inter alia*, (1) quotations or estimates of market value for individual portfolio instruments, or (2) values obtained from yield data relating to classes of money market instruments published by reputable sources.

(b) In the event such deviation from Applicant's $1.00 amortized cost price per share exceeds ½ of 1%, a requirement that the Board of Trustees will promptly consider what action, if any, should be initiated.

(c) Where the Board of Trustees believes the extent of any deviation from Applicant's $1.00 amortized cost price per share may result in material dilution or other unfair results to investors or existing shareholders, it shall take such action as it deems appropriate to eliminate or to reduce to the extent reasonably practicable such dilution or unfair results, which may include: redemption of shares in kind; the sale of portfolio instruments prior to maturity to realize capital gains or losses or to shorten Applicant's average portfolio maturity; withholding dividends; or utilizing a net asset value per share as determined by using available market quotations.

3. Applicant will maintain a dollar-weighted average portfolio maturity appropriate to its objective of maintaining a stable price per share; *Provided*, however, that Applicant will neither (a) purchase any instrument with a remaining maturity of greater than one year, or (b) maintain a dollar-weighted average portfolio maturity that exceeds 120 days. In fulfilling this condition, if the disposition of a portfolio instrument results in a dollar-weighted average portfolio maturity in excess of 120 days, Applicant will invest its available cash in such a manner as to reduce the dollar-weighted average portfolio maturity to 120 days or less as soon as reasonably practicable.

4. Applicant will record, maintain and preserve permanently in an easily accessible place a written copy of the procedures (and any modifications thereto) described in condition 1 above, and Applicant will record, maintain and preserve for a period of not less than six years (the first two years in an easily accessible place) a written record of its Board of Trustees' considerations and actions taken in connection with the discharge of its responsibilities, as set forth above, to be included in the minutes of its Board of Trustees' meetings. The documents preserved pursuant to this condition shall be subject to inspection by the Commission in accordance with Section 31(b) of the Act, as if such documents were records required to be maintained pursuant to rules adopted under Section 31(a) of the Act.

5. Applicant will limit its portfolio investments, including repurchase agreements, to those United States dollar-denominated instruments which its Board of Trustees determines present minimal credit risks, and which are of high quality as determined by any major rating service or, in the case of any instrument that is not rated, of comparable quality as determined by the Board of Trustees.

6. Applicant will include in each quarterly report, as an attachment to Form N–1Q, a statement indicating whether any action pursuant to condition 2(c) above was taken during the preceding fiscal quarter, and, if any such action was taken, Applicant will describe the nature and circumstances of such action.

Notice is further given that any interested person may, not later than July 6, 1982, at 5:30 p.m., submit to the Commission in writing a request for a hearing on the application accompanied by a statement as to the nature of his interest, the reason for such request, and the issues, if any, of fact or law proposed to be controverted, or he may request that he be notified if the Commission shall order a hearing thereon. Any such communication should be addressed: Secretary, Securities and Exchange Commission,

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Washington, D.C. 20549. A copy of such request shall be served personally or by mail upon Applicant at the address stated above. Proof of such service (by affidavit or, in the case of an attorney-at-law, by certificate) shall be filed contemporaneously with the request. As provided by Rule 0-5 of the Rules and Regulations promulgated under the Act, an order disposing of the application will be issued as of course following said date unless the Commission thereafter orders a hearing upon request or upon the Commission's own motion. Persons who request a hearing, or advice as to whether a hearing is ordered, will receive any notices and orders issued in this matter, including the date of the hearing (if ordered) and any postponements thereof.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Shirley E. Hollis,

Assistant Secretary.

[FR Doc. 82-16684 Filed 6-16-82; 8:45 am]

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INVESTMENT COMPANY ACT OF 1940
Release No. 12489 / June 14, 1982

In the Matter of

DEAN WITTER REYNOLDS INTERCAPITAL INC.
DEAN WITTER REYNOLDS INC.
INTERCAPITAL DIVIDEND GROWTH SECURITIES INC.
INTERCAPITAL HIGH YIELD SECURITIES INC.
INTERCAPITAL INCOME SECURITIES INC.
INTERCAPITAL INDUSTRY-VALUED SECURITIES INC.
INTERCAPITAL LIQUID ASSET FUND INC.
INTERCAPITAL NATURAL RESOURCE DEVELOPMENT SECURITIES INC.
INTERCAPITAL TAX-EXEMPT SECURITIES INC.
INTERCAPITAL TAX-FREE DAILY INCOME FUND INC.
ACTIVE ASSETS MONEY TRUST
ACTIVE ASSETS TAX-FREE TRUST
ACTIVE ASSETS GOVERNMENT SECURITIES TRUST
SEARS U.S. GOVERNMENT MONEY MARKET TRUST
DR. IRWIN FRIEND
JOHN R. HAIRE
JOHN J. SCANLON
ALBERT T. SOMMERS
Five World Trade Center
New York, New York 10048

DEAN WITTER REYNOLDS ORGANIZATION INC.
45 Montgomery Street
San Francisco, California 94104

SEARS, ROEBUCK AND CO.
Sears Tower
Chicago, Illinois 60684

(812-5057)

ORDER PURSUANT TO SECTION 6(c) OF THE ACT GRANTING AN EXEMPTION FROM THE PROVISIONS OF SECTION 2(a)(19) OF THE ACT

InterCapital Dividend Growth Securities Inc., InterCapital High Yield Securities Inc., InterCapital Income Securities Inc., InterCapital Industry-Valued Securities Inc., InterCapital Liquid Asset Fund Inc., InterCapital Natural Resource Development Securities Inc., InterCapital Tax-Exempt Securities Inc., InterCapital Tax-Free Daily Income Fund

Inc., Active Assets Money Trust, Active Assets Tax-Free Trust, Active Assets Government Securities Trust, and Sears U.S. Government Money Market Trust (collectively, the "Funds"), each of which is a management investment company registered under the Investment Company Act of 1940 ("Act"); Dean Witter Reynolds InterCapital Inc. ("InterCapital"), a registered investment adviser and manager of the Funds; Dean Witter Reynolds Inc. ("DWR"), distributor of certain of the Funds; Dr. Irwin Friend, John R. Haire, John J. Scanlon and Albert T. Sommers, directors or trustees of the Funds; Dean Witter Reynolds Organization Inc. ("DWRO") and Sears, Roebuck and Co. ("Sears"), a New York corporation (collectively, the "Applicants"), filed an application on December 22, 1981, and an amendment thereto on April 28, 1982, requesting an order of the Commission pursuant to Section 6(c) of the Act exempting from the definitions of "interested person" of an investment company and its investment adviser and principal underwriter under Section 2(a)(19) of the Act certain natural persons who might otherwise come within such definitions solely by reason of their holding interests in securities of Sears or certain of its subsidiaries.

On May 14, 1982, a notice was issued (Investment Company Act Release No. 12436) of the filing of the application. The notice gave interested persons an opportunity to request a hearing, and stated that an order disposing of the matter would be issued as of course unless a hearing should be ordered. No request for a hearing has been filed by an interested person and the Commission has not ordered a hearing. 1/

The matter has been considered, and it is found that the granting of the requested exemption is appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act. Accordingly,

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1/ On June 3, 1982, Mr. William Leighton requested that a hearing be held on the application. Mr. Leighton's request does not state that he has an ownership or other direct interest in any of the Applicants, and does not demonstrate that he is likely to be perceptibly harmed by the granting of the instant application. Nor does the request articulate any other basis for concluding that Mr. Leighton is an "interested person" within the meaning of Section 40(a) of the Act and Rule 0-5(c) under the Act. In addition, none of the issues raised by Mr. Leighton warrants the Commission ordering a hearing on its own motion.

IT IS ORDERED, pursuant to Section 6(c) of the Act, that the application for exemption from the provisions of Section 2(a)(19) of the Act, to the extent requested, be, and hereby is, granted, effective forthwith.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

George A. Fitzsimmons
Secretary

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INVESTMENT COMPANY ACT OF 1940
Release No. 12490 / June 10, 1982

SEE

SECURITIES ACT OF 1933
Release No. 6409 / June 10, 1982

INVESTMENT COMPANY ACT OF 1940
Release No. 12491 /June 15, 1982

In the Matter of

FEDERATED OPTION INCOME FUND, INC.
421 Seventh Avenue
Pittsburgh, PA 15219

(811-2748)

ORDER PURSUANT TO SECTION 8(f) OF THE ACT DECLARING THAT APPLICANT HAS CEASED TO BE AN INVESTMENT COMPANY

On May 18, 1982, a notice was issued (Investment Company Act Release No. 12439) stating that Federated Option Income Fund, Inc. ("Applicant"), registered under the Investment Company Act of 1940 ("Act") as an open-end, diversified, management investment company, filed an application on March 29, 1982, for an order of the Commission pursuant to Section 8(f) of the Act declaring that Applicant has ceased to be an investment company as defined in the Act.

The notice gave interested persons an opportunity to request a hearing and stated that an order disposing of the application would be issued as of course unless a hearing should be ordered. No request for a hearing has been filed, and the Commission has not ordered a hearing.

The matter has been considered, and it is found that Applicant has ceased to be an investment company. Accordingly,

IT IS ORDERED, pursuant to Section 8(f) of the Act, that the registration of Federated Option Income Fund, Inc., under the Act shall forthwith cease to be in effect.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

George A. Fitzsimmons
Secretary

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INVESTMENT COMPANY ACT OF 1940
Release No. 12492 / June 15, 1982

In the Matter of	:
	:
DENVER PARTNERS I LIMITED PARTNERSHIP	:
DENVER PARTNERS II LIMITED PARTNERSHIP	:
DENVER PARTNERS III LIMITED PARTNERSHIP	:
and	:
WINTHROP FINANCIAL CO., INC.	:
225 Franklin Street	:
Boston, Massachusetts 02110	:
	:
(812-5184)	:
	:

ORDER PURSUANT TO SECTION 6(c) OF THE ACT GRANTING EXEMPTION FROM ALL PROVISIONS OF THE ACT

Denver Partners I Limited Partnership, Denver Partners II Limited Partnership and Denver Partners III Limited Partnership (collectively, the "Partnerships"), all Maryland limited partnerships, and their general partner, Winthrop Financial Co., Inc. filed an application on May 3, 1982, and an amendment thereto on May 17, 1982, pursuant to Section 6(c) of the Investment Company Act of 1940 ("Act"), for an order exempting the Partnerships from all provisions of the Act and the rules and regulations thereunder.

On May 21, 1982, a notice was issued (Investment Company Act Release No. 12443) of the filing of the application. The notice gave interested persons an opportunity to request a hearing and stated that an order disposing of the matter would be issued as of course unless a hearing should be ordered. No request for a hearing has been filed, and the Commission has not ordered a hearing.

The matter has been considered and it is found that granting the exemption is appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act. Accordingly,

IT IS ORDERED, pursuant to Section 6(c) of the Act, that the application to exempt the Partnerships from all provisions of the Act be, and hereby is, granted, effective forthwith.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

George A. Fitzsimmons
Secretary

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[Rel. No. 12493; 812-5193]

American General Life Insurance Co. of Delaware, et al.; Application

June 15, 1982.

Notice is hereby given that American General Life Insurance Company of Delaware (the "Company"), a Delaware stock life insurance company, American General Life Insurance Company of Delaware Separate Account D (the "Separate Account"), a separate account registered under the Investment Company Act of 1940 (the "Act") as a unit investment trust, and American General Capital Distributors, Inc. ("Distributors"), 2727 Allen Parkway, Houston, Texas 77001, the principal underwriter for the Separate Account (collectively, "Applicants"), filed an application on May 28, 1982 and an amendment thereto on June 10, 1982, for an order of exemption, pursuant to section 6(c) of the Act, from sections 26(a), 26(a)(2)(D), and 27(c)(2) and for an order approving certain offers of exchange pursuant to section 11 of the Act. All interested persons are referred to the application on file with the Commission for a statement of the representations contained therein, which are summarized below.

Introduction

The Separate Account funds certain variable annuity contracts currently being offered and sold by the Company (the "Current Contracts"). Subject to certain conditions, owners of the Current Contracts may, from time to time, cause their interests in the Separate Account to be allocated for investment purposes among several of the seven divisions of the Separate Account, each of which invests its assets solely in a different open-end management investment company registered under the Act (a "Fund"). At the present time, the only divisions available for use under the Current Contracts during both the accumulation and annuity periods are divisions six and seven, and Applicants have previously applied for and received Commission approval under section 11 of the Act with respect to transfers between such divisions pursuant to the Current Contracts. The Company proposes to add division eight to provide another investment option to contract holders, as originally contemplated by the Current Contract.

The Separate Account also funds certain variable annuity contracts previously sold upon which only additional puruchase payments are now being accepted ("Original Contracts"). Original Contract owners may now have additional purchase payments invested in divisions one through seven. The Company proposes to add division eight to permit another investment option for Original Contract owners and to allow transfers among all the eligible divisions. The Company states that it will advise Original Contract owners affected by Revenue Ruling 81-225 of the possible advantages of limiting their use of the Separate Account to divisions six, seven and eight.

Exemptions From Trustee and Custodian Requirements

Section 27(c)(2) of the Act prohibits a registered investment company or any depositor or underwriter for such Company from selling periodic payment plan certificates, unless the proceeds of all payments other than the sales load are deposited with a trustee or custodian having the qualifications prescribed in section 26(a)(1) and held under an agreement containing, in substance, the provisions required by sections 26(a) (2) and (3) of the Act. Section 26(a)(2)(D) of the Act requires, in part, that under the agreement with the trustee or custodian, such entity must have possession of all the securities and other property in which funds of a unit investment trust are invested. This has been interpreted to mean that the securities owned by the trust must be represented by share certificates physically in the custody of the custodian. Each of the Funds, however, maintains an "open account" system, and certificates for shares of the Funds will not be issued to the Company in connection with share purchases by the Separate Account.

Applicants request exemptions from sections 26(a), 26(a)(2)(D) and 27(c)(2) of the Act in order that assets of the Separate Account may be held by the Company under the terms and conditions set forth in the application. In support of these requested exemptions, Applicants state that except for fund shares, the Separate Account's only assets will consist of small amounts of cash from time to time. Such cash will be kept on deposit in the name of the Separate Account with a bank meeting the requirements of section 26(a)(1) of the Act.

According to Applicants, safekeeping of Separate Account assets does not require the Fund certificates be issued to the Company and any such requirement would, in fact, result in unnecessary administrative expenses. The application states that all obligations under the Company's variable annuity contracts will be general obligations of the Company which may not be abrogated, and the assets and retained earnings of the Company provide ample assurance of its financial ability to meet its obligations under such contracts. According to the application, the Company is subject to extensive supervision and control by the insurance regulatory authorities of the State of Delaware and of each other state in which it does business.

Approvals Under Section 11

Section 11(a) of the Act, in effect, requires that the terms of any offer made to a security holder of an open-end investment company registered under the Act to exchange his or her security for the security of the same or another open-end investment company registered under the Act must receive prior Commission approval, if the exchange is to be made on a basis other than the relative net asset values of the interests to be exchanged. Section 11(c) provides that, irrespective of the basis of exchange, the provisions of section 11(a) shall be applicable, in part, to any offer of exchange of any securities of registered unit investment trusts.

Applicants state that sections 11(a) or 11(c) of the Act could be interpreted to require Commission approval of transfers among divisions of the Separate Account pursuant to the Current Contracts. Although Applicants do not necessarily agree that any such interpretation would be correct, Applicants request Commission approval under those sections to the extent necessary to permit Current Contract owners and beneficiaries to

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effect transfers among the various divisions of the Separate Account, including division eight, subject to an administrative charge of $10 per transfer and to effect transfers among various divisions of the Separate Account, including division eight, pursuant to the Original Contracts. Applicants state that shares of the Funds purchased and sold for the various divisions of the Separate Account are in all cases purchased and sold at net asset value, with no sales or withdrawal charge being imposed.

According to the application, transfers among divisions of the Separate Account are intended primarily to permit a contract owner to modify a previous allocation in light of changing personal needs and evolving economic conditions, and such transfer do not generate any increased revenues or fees to the Company or its affiliates.

Section 6(c)

Section 6(c) of the Act, in pertinent part, provides that the Commission, by order upon application, may conditionally or unconditionally exempt any person, security, or transaction, or any class or classes or persons, securities, or transactions, from any provision or provisions of the Act to the extent that such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

Notice is further given that any interested person may, no later than July 6, 1982, at 5:30 p.m., submit to the Commission in writing a request for a hearing on the matter accompanied by a statement as to the nature of his or her interest, the reasons for such request, and the issues, if any, of fact or law proposed to be controverted, or he or she may request that he or she be notified if the Commission shall order a hearing thereon. Any such communciations should be addressed: Secretary, Securities and Exchange Commission, Washinton, D.C. 20549. A copy of such request shall be served personally or by mail upon the Applicants at the address stated above. Proof of such service (by affidavit or, in the case of an attorney-at-law, by certificate) shall be filed contemporaneously with the request. As provided by Rule 0-5 of the Rules and Regulations promulgated under the Act, an order disposing of the application will be issued as of course following July 6, 1982, unless the Commission thereafter orders a hearing upon request or upon the Commission's own motion. Persons who request a hearing, or advice as to whether a hearing is ordered, will receive any notice and orders issued in this matter, including the date of the hearing (if ordered) and any postponements thereof.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

George A. Fitzsimmons,

Secretary.

[FR Doc. 82-16807 Filed 6-21-82; 8:45 am]

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[Rel. No. 12494; 812-5201]

Variable Annuity Life Insurance Co., et al.; Application

June 15, 1982

Notice is hereby given that The Variable Annuity Life Insurance Company ("VALIC"), The Variable Annuity Life Insurance Company Separate Account A ("Account A"), and The Variable Annuity Marketing Company ("VAMCO") (collectively, "Applicants"), 2727 Allen Parkway, Houston, Texas 77019, filed an application on June 1, 1982, for an order of the Commission pursuant to section 6(c) of the Investment Company Act of 1940 ("Act") exempting Applicants to the extent requested, from sections 26(a)(2)(D) and 27(c)(2) of the Act and pursuant to section 11 of the Act, approving certain offers of exchange. VALIC is a Texas stock life insurance company; Account A, a separate account of VALIC, is registered under the Act as a unit investment trust. VALIC is the depositor of, and VAMCO, the principal underwriter for, Account A. All interested persons are referred to the application on file with the Commission for a statement of the representations made therein, which are summarized below.

Account A funds variable annuity contracts (the "Contracts") issued by VAIIC. The Contracts are individual variable annuity contracts designed to establish retirement benefits under certain programs providing federal tax advantages. Net purchase payments (the amount of a purchase payment less applicable premium taxes) with respect to the Contracts may be placed in Account A and allocated to one or more of its divisions or allocated to VALIC's general account. The assets of each division of Account A are invested solely in shares of an open-end management investment company (a "Fund"). Divisions One and Two of Account A presently used in connection with the Contracts are invested in High Yield Accumulation Fund, Inc. and American General Money Market Fund, Inc. Applicants are planning to add a Division Three which shall invest in American General Equity Accumulation Fund, Inc., regarding which the present application is being made. During the accumulation and annuity periods, the terms of the Contracts permit contractowners and, in certain cases, beneficiaries under the Contracts to make transfers between the divisions of Account A or among the divisions and VALIC's general account, subject to certain limitations. Transfers will be effected at net asset value and no transfer charge will be imposed. The privilege of making transfers during the accumulation and annuity period may be suspended or terminated by VALIC at any time.

Applicants have previously obtained an exemption from various sections of the Act, including sections 26(a)(2)(D) and 27(c)(2), relating to possession of Account A's assets, and an order under section 11 of the Act approving certain offers of exchange in connection with transfers between Divisions One and Two. Applicants assert that the terms of such exemption and approval are in all respects sufficiently broad to include the addition of proposed Division Three. Nevertheless, Applicants have been advised by the staff of the Commission that the addition of a new division will, in the staffs vien, require an order of the Commission, pursuant to Section 11 of the Act approving certain offers of exchange and pursuant to section 6(c) of the Act for exemptions from sections 26(a)(2)(D) and 27(c)(2) of the Act with respect to newly created Division Three.

Exemptions Relating To Custodial Requirements

Section 27(c)(2) of the Act prohibits a registered investment company or any depositor or underwriter for such company from selling periodic payment plan certificates, unless the proceeds of all payments other than the sales load are deposited with a trustee or custodian having the qualifications prescribed in section 26(a)(1) of the Act and held under an agreement containing, in substance, the provisions required by sections 26(a)(2) and (3) of the Act. Applicants state that, except for Fund shares, which will be maintained in an open-account system, Account A's only assets will consist of amounts of cash from time to time. Such cash will be kept on deposit in the name of Account A with a bank meeting the requirements of section 26(a)(1).

Section 26(a)(2)(D) of the Act requires, in part, that under the agreement with the trustee or custodian, such entity must have possession of all the securities and other property in which

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funds of a unit investment trust are invested. Applicants state that this has been interpreted to mean that the securities owned by the trust must be represented by share certificates physically in the custody of the custodian. Section 26(a)(2)(D) of the Act also requires that the agreement with the trustee or custodian provide that the securities and other property in which the funds of a unit investment trust are invested must be segregated and held I trust until distribution. Applicants assert that while the assets of Account A will be segregated, VALIC, as a life insurance company, may not properly place assets of the Separate Account in trust, because the insurance laws of the State of Texas require VALIC to retain ownership and control of the disposition of its property. Applicants state that VALIC will continue to hold in custody for safekeeping the assets of Acount A until Account A has been completely liquidated and the proceeds of the liquidation distributed to persons entitled thereto under the Contracts or until a successor trustee or custodian is appointed. The application states the VALIC will maintain a record of the names and addresses of all owners and annuitants and the amount of their interest in Account A, and that Applicants will comply with the notice requirements of section 26(a)(4).

Applicants request exemptions from sections 26(a)(2)(D) and 27(c)(2) of the Act in order that assets of the Separate Account, including uncertificated shares of American General Equity Accumulation Fund, Inc., may be held by VALIC under the terms and conditions set forth in the application.

Approvals Under Section 11

Section 11(a) of the Act makes it unlawful for any registered open-end investment company or any principal underwriter for such a company to make or cause to be made an offer to the holder of a security of such company or of any other open-end investment company to exchange his security for a security in the same or another such company on any basis other than the relative net asset values of the respective securities to be exchanged, unless the terms of the offer have first been submitted to and approved by the Commission. Section 11(c) provides that, irrespective of the basis of exchange, the provisions of subsection (a) shall be applicable to any offer of exchange of any security of a registered open-end company for a security of a registered unit investment trust and to any type of offer of exchange of the securities of registered unit investment trusts for the securities of any other investment company.

Applicants state that they do not believe that sections 11(a) or 11(c) should be interpreted to require Commission approval of transfers between divisions of Account A pursuant to the Contracts. Nevertheless, to remove any uncertainty, Applicants request Commission approval under those sections, to the extent necessary to permit owners, annuitants and beneficiaries to effect transfers between Divisions One and Two and Division Three pursuant to the Contracts. Applicants submit that such transfers will be effected at net asset value and will not generate any increased revenues or fees to VALIC or its affiliates. Therefore, Applicants believe the transfers between Account A's divisions contemplated by the Contracts are consistent with the purposes of sections 11(a) and 11(c) of the Act and the terms thereof should be approved by the Commission.

Section 6(c)

Section 6(c) of the Act, in pertinent part, provides that the Commission, by order upon application, may conditionally or unconditionally exempt any person, security, or transaction, or any class or classes of persons, securities, or transactions, from any provision or provisions of the Act to the extent that such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

Notice is further given that any interested person may, no later than July 6, 1982, at 5:30 p.m., submit to the Commission in writing a request for a hearing on the matter accompanied by a statement as to the nature of his or her interest, the reasons for such request, and the issues, if any, of fact or law proposed to be controverted, or he or she may request that he or she be notified if the Commission shall order a hearing thereon. Any such communications should be addressed: Security, Securities and Exchange Commission, Washington, D.C. 20549. A copy of such request shall be served personally or by mail upon the Applicants at the address stated above. Proof of such service (by affidavit or, in the case of an attorney-at-law, by certificate) shall be filed contemporaneously with the request. As provided by Rule 0-5 of the Rules and Regulations promulgated under the Act, an order disposing of the application will be issued as of course following July 6, 1982, unless the Commission thereafter orders a hearing upon request or upon the Commission's own motion. Persons who request a hearing, or advice as to whether a hearing is ordered, will receive any notice and orders issued in this matter, including the date of the hearing (if ordered) and any postponements thereof.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

George A. Fitzsimmons,

Secretary.

[FR Doc. 82-16806 Filed 6-21-82; 8:45 am]
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INVESTMENT ADVISERS ACT OF 1940
Release No. 810 / June 10, 1982

SEE

SECURITIES ACT OF 1933
Release No. 6409 / June 10, 1982

Litigation Release No. 9693 / June 11 1982

SECURITIES AND EXCHANGE COMMISSION v. CHRISTOPHER L. LOWE a/k/a CHRIS L. LOWE, ET AL., Civil Action No. 82-1616 (United States District Court for the Eastern District of New York)

Donald N. Malawsky, Administrator of the New York Regional Office of the Securities and Exchange Commission, today announced the filing of a Complaint in the United States District Court for the Eastern District of New York against Christopher L. Lowe a/k/a Chris L. Lowe ("Lowe"), Lowe Publishing Corporation ("Lowe Publishing"), Lowe Management Corporation ("LMC") and Lowe Stock Chart Service, Inc. ("Lowe Service"). The Complaint seeks preliminary and permanent injunctions against the defendants, enjoining them from further violations of the investment adviser registration provisions of Section 203(a) of the Investment Advisers Act of 1940 ("Advisers Act") and the anti-fraud provisions of Sections 206(1) and 206(2) of the Advisers Act, and preliminary and permanent injunctions, pursuant to Section 209(e) of the Advisers Act, enforcing compliance with an order issued by the Commission on May 11, 1981 which barred Lowe from association with any investment adviser. In addition, the Complaint seeks orders: (1) directing the defendants to disgorge all monies received from their investment advisory business since May 11, 1981; (2) appointing an Escrow Agent to oversee and implement disgorgement; (3) freezing certain assets and records of the defendants; and (4) expediting discovery.

The Commission's Complaint alleges that the defendants have been and are now, for compensation, engaged in the business of advising others, through publications, as to the advisability of investing in, purchasing or selling securities and, for compensation and as part of a regular business, have been and are now, issuing reports concerning securities, without having become registered with the Commission as investment advisers.

The Complaint further alleges that the defendants, in publishing investment advice and soliciting subscriptions for their investment advisory publications, knowingly made untrue statements of material facts and knowingly omitted to state facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading, concerning, among other things, the revocation of LMC's investment adviser registration,

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Lowe's bar from association with any investment adviser and Lowe's state criminal convictions. The Complaint also alleges that Lowe has been associated with and is associated with an investment adviser in that, among other things, defendant Lowe is president of Lowe Publishing, LMC and Lowe Service and is research chairman and editor of their investment advisory publications.

On June 10, 1982, the Honorable Jack B. Weinstein, Chief Judge of the United States District Court for the Eastern District of New York signed an order to show cause, an order restraining the defendants from concealing any assets and destroying or altering any records pending final judgment, and an order for expedited discovery. He also ordered the hearing on the preliminary injunction to be consolidated with the trial on the merits.

Litigation Release No. 9694 /June 14, 1982

SECURITIES AND EXCHANGE COMMISSION v. HERBERT G. PAIGE and PASHA SERVICE CORPORATION (United States District Court for the District of Columbia, Civil Action No. 81-2066).

The Commission today announced that the United States District Court for the District of Columbia entered Final Judgments of Permanent Injunction against Herbert G. Paige, of Coral Gables, Florida, and Pasha Service Corporation, a Florida corporation, in a previously instituted Commission enforcement action. The Final Judgments enjoin the defendants from violating certain provisions of the Securities Exchange Act of 1934 and rules thereunder and the Final Judgment against Paige requires him to disgorge certain assets. Paige and Pasha consented to the entry of the Final Judgments without admitting or denying the allegations in the Commission Complaint, which was filed on September 2, 1981. 1/

The Complaint alleged that from 1970 through 1978, when Paige was the principal officer of the beverage operations of General Cinema Corporation, he directed Crown Cork & Seal Co. Inc., a supplier of cans to General Cinema, to make payments of funds totalling approximately $5.9 million to Pasha. 2/ The Complaint alleged that Pasha was a shell corporation controlled by Paige, and that Paige misappropriated and wrongfully converted about $5.1 million of the funds paid to Pasha by Crown Cork. The Complaint also alleged that from 1976 to 1978 Crown Cork's financial subsidiary provided Paige with two loans totalling $1.75 million and financed an airplane for Paige's use. The Complaint

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1/ See Litigation Release No. 9436/September 2, 1981.

2/ The United States District Court for the District of Columbia entered a Final Judgment against Crown Cork on September 2, 1981 in a separate Commission enforcement action. Crown Cork consented to entry of the Final Judgment without admitting or denying the allegations of the Commission's Complaint filed in that action. See Litigation Release No. 9437/September 2, 1981.

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alleged that in 1977 Paige arranged for the then President of Crown Cork to become a co-owner of a warehouse that was leased by General Cinema's bottling subsidiary. The Complaint alleged that Paige, who was a Senior Vice President of General Cinema from 1975 and a director from 1977 until his resignation in 1978, and Pasha, violated antifraud and proxy solicitation provisions of the Securities Exchange Act of 1934 and rules thereunder and aided and abetted violations of periodic reporting provisions of that Act and rules thereunder.

The Final Judgments permanently enjoin Paige and Pasha Service Corporation from violating anti-fraud, periodic reporting and proxy solicitation provisions of the Securities Exchange Act of 1934 and rules thereunder. The Final Judgment against Paige also directs him to deposit certain assets into an escrow fund. The estimated value of these assets, approximately $880,000, is equivalent to Paige's net worth, excluding his interest in his personal residence. Under the terms of the Final Judgment against him, Paige has the right during the next two years to direct that the assets be paid out of the escrow fund to General Cinema Corporation. Should Paige fail to make that designation within two years, the assets will be distributed by the District Court pursuant to a plan satisfactory to the Commission. The Final Judgment against Paige provides that under no circumstances will he receive the benefit, use or the return of any of the assets placed into the escrow fund.

Litigation Release No. 9695 / June 15, 1982

S.E.C. v. Blinder, Robinson & Co., Inc., et al. (USDC Colorado, Civil Action No. 80-M-1125)

Robert H. Davenport, Administrator of the Denver Regional Office of the Securities and Exchange Commission, announced that by a Memorandum Opinion and Order and Judgment, both dated June 8, 1982, the Honorable Richard P. Matsch, Judge, United States District Court for the District of Colorado, permanently enjoined Blinder, Robinson & Co., Inc., a Denver, Colorado broker-dealer (Blinder-Robinson), and its president, Meyer Blinder (Blinder), from future violations of certain of the antifraud and antimanipulative provisions of the federal securities laws in connection with the sale or purchase of the securities of any issuer whatsoever, including the securities of American Leisure Corp. (ALC). The decision of the Court was entered after a trial. The Commission originally named certain other entities and individuals in its complaint but these defendants subsequently entered into consent decrees with the Commission and were not parties to the litigation.

In entering its Memorandum Opinion and Order and Judgment of June 8, 1982, permanently enjoining Blinder-Robinson and Blinder, the Court found, among other things, that: in connection with the early 1980 underwriting and distribution of the primary offering of American Leisure Corp. securities by Blinder-Robinson, Blinder-Robinson and Blinder violated the antifraud provisions of the federal securities laws in that firm salesmen made material misstatements of fact to their customers, including predictions that ALC securities "would open

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at a premium in the after-market, without any factual basis for their predictions", and that "[firm] personnel had inside information about developments positively affecting the issuer" when such was not the case; Blinder-Robinson and Blinder further violated the antifraud provisions in that they failed to "disclose [to their customers] the frantic manipulations which resulted in the pretension that all of the [ALC] issue had been sold by the March 25, [1980] deadline", including "that Blinder-Robinson would, itself, purchase 956,393 ALC units, and place them in inventory to participate in after-market transactions"; and that the after-market distribution of ALC securities lasted beyond March 25, 1980, the date of the purported closing of the offering, and that "during [this] continuing after-market distribution" of ALC securities Blinder-Robinson and Blinder "purchased and sold a large volume" of ALC securities in violation of the antimanipulative provisions of the Exchange Act and rules thereunder.

The Court further found, among other things: that Blinder and Blinder-Robinson, as the underwriter for the ALC offering on a "best efforts, all or none" basis, "failed to promptly refund consideration received from purchasers when, on the specified deadline date, less than all of the securities had been sold, and less than the total proceeds due the seller had been received", in violation of the antifraud provisions of the Exchange Act and rules thereunder; and that Blinder-Robinson and Blinder "transferred proceeds from the [escrow] account [for the ALC offering] prior to the occurrence of the 'all or none' contingency on March 25, 1980, and failed to return purchasers' funds upon occurrence of the contingency", in violation of the escrow requirements of the Exchange Act and rules thereunder.

For further information, See Litgation Release Nos. 9173 and 9356.

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Litigation Release No. 9696 / June 17, 1982

SEC v. DANIEL H. LLOYD, CACTUS ENERGY COMPANY, AND FILCO, INC. (WD/OKLA/OKLA. CITY DIV.)(CA No.82-824W)

Wayne M. Secore, Administrator of the Fort Worth Regional Office, announced that on June 8, 1982, the Honorable Lee West, of the United States District Court for the Western District of Oklahoma, entered an Order of Permanent Injunction against Cactus Energy Company ("Cactus") and Filco, Inc. ("Filco"), privately held companies with offices in Bethany, Oklahoma, and Amarillo, Texas, respectively, and Daniel H. Lloyd ("Lloyd"), of Piedmont, Oklahoma. Lloyd is the president of Cactus and Filco and directs their day-to-day operations. The Order permanently enjoins each of the defendants from further violations of the registration and antifraud provisions of the Securities Act of 1933 and the antifraud provisions of the Securities Exchange Act of 1934. All of the defendants consented to the entry of the Order of Permanent Injunction without admitting or denying the allegations of the Commission's complaint.

The complaint, also filed on June 8, 1982, alleged that since March 1979, Cactus and Lloyd offered and sold in excess of $3.4 million of fractional undivided interests in oil and gas leases to approximately 150 investors, and since December 1980, Filco and Lloyd offered and sold in excess of $1.34 million of limited partnership interests to approximately 20 investors. The complaint also alleged that these offers and sales violated the registration provisions of the federal securities laws.

The complaint further alleged that the defendants violated the antifraud provisions of the federal securities laws by making misrepresentations of material facts and omitting to state material facts in connection with the offer and sale of the above described securities. These misrepresentations and omissions concerned, among other things: the amount and rate of return an investor could expect from an investment with Cactus or Filco; the financial condition of Cactus; the background and experience of Lloyd, Cactus and Filco; the number of wells drilled and owned by Filco; and the property to be acquired by Filco investors.

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June 11, 1982

United States v. James Mitchell Newman, et. al. 82 Cr. 166 (CSH) (S.D.N.Y.)

John S. Martin, Jr., United States Attorney for the Southern District of New York, and Donald N. Malawsky, Administrator of the New York Regional Office of the Securities and Exchange Commission announced that on May 21, 1982, James Mitchell Newman, 37, of New York, N.Y., was convicted by a United States District Court jury sitting in Manhattan on 15 counts of securities fraud, conspiracy to commit securities fraud and mail fraud after a five week trial. In a 27 count indictment returned on February 3, 1981 by a federal grand jury sitting in Manhattan, Newman and three other defendants were charged with effecting transactions in securities of 17 companies on the basis of material, nonpublic information about impending takeovers of those companies. The indictment charged Jacques Courtois and Adrian Antoniu, who were employed by Morgan Stanley & Co., and Kuhn Loeb & Co., with misappropriating confidential information about corporate takeovers being managed by their employer firms and covertly transmitting that information to Newman and two other defendants so that the latter could purchase securities in the target companies prior to the public announcement of the takeovers. The defendants succeeded in making undetected purchases and sales of the target companies' stocks by utilizing secret bank accounts in Bermuda, the Bahamas, Luxembourg and Switzerland.

The indictment was dismissed by U.S. District Judge Charles S. Haight, Jr., on May 19, 1981. On October 30, 1981 the judgment of dismissal was reversed and reinstated by the U.S. Court of Appeals for the Second Circuit. [1981] Fed. Sec. L. Rep. (CCH), ¶98,332 (2d. Cir. 1981).

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On November 13, 1980 in a related matter, Adrian Antoniu plead guilty to an information charging him with two counts of participating in the same fraudulent scheme.

Newman is scheduled to be sentenced by Judge Haight on July 8, 1982.

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